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PUBLIC SERVICE COMMISSION OF WISCONSIN

Application of Wisconsin Public Service Corporation for Authority to Adjust Electric and Natural Gas Rates — 6690-UR-126

FINAL DECISION

This is the Final Decision in the application of Wisconsin Public Service Corporation (WPSC) for authority to adjust Wisconsin retail electric and natural gas rates on January 1, 2020.

Final electric rate changes are authorized consisting of a $15,764,000 annual rate increase for Wisconsin retail electric operations, a 1.59 percent increase including the impacts of certain bill credits. Final natural gas rate changes are authorized consisting of a $4,323,000 annual rate increase for Wisconsin natural gas operations, a 1.43 percent increase including the impact of certain bill credits.

Introduction

On March, 23, 2019, WPSC requested Wisconsin jurisdictional revenue increases of $48.6 million (4.9 percent) in 2020 and $48.6 million (4.9 percent) in 2021 for its electric operations and revenue increases of $7.2 million (2.4 percent) in 2020 and $7.1 million (2.4 percent) for its natural gas operations. To accomplish an effective rate increase of 4.9 percent in each year for WPSC's electric operations (WPSC electric), WPSC sought approval to apply $16 million of unprotected tax benefits resulting from the federal 2017 Tax Cuts and Jobs Act (TCJA) for the benefit of customers in 2020, $21 million of 2018 WPSC deferred revenue sharing benefits to customers in 2020, $7 million of 2018 excess fuel collections in 2020, and another $24 million of unprotected tax benefits in 2021. To accomplish an effective rate increase of 2.4 percent in each year for WPSC's natural gas operations (WPSC gas), WPSC sought approval to apply $7 million of unprotected tax benefits resulting from the TCJA for the benefit of customers in 2020.

On April 25, 2019, the Commission issued a Notice of Proceeding. (PSC REF#: 364808.) On June 10, 2019, a prehearing conference was held to determine the issues to be addressed in this docket and to establish a schedule for the hearing. In addition to WPSC, the following organizations or entities requested and were granted intervention and therefore are parties in this proceeding: Clean Wisconsin (Clean); Constellation New Energy Gas Division (CNEG); Citizens Utility Board of Wisconsin (CUB); Midwest Energy Procurement Solutions, LLC (MEPS); RENEW Wisconsin (RENEW); Walmart, Inc. (Walmart); Roundy's Supermarkets, Inc. (Roundy's); Sierra Club; Wisconsin Paper Council (WPC); and Wisconsin Industrial Energy Group (WIEG) (collectively, Parties). (PSC REF#: 371789.)

After Commission staff completed its audit of WPSC's application, WPSC initiated discussions with CUB, WIEG, and other intervenors regarding the possibility of limiting the number of contested issues in its rate application. Additionally, WPSC began meeting with CUB, WIEG, and Clean and settlement was reached on the majority of the revenue requirement issues for the 2020 and 2021 test years. A Settlement Agreement was ultimately signed by CUB, WEC Energy Group, Inc. (WEC), Clean (collectively, Settling Parties) and filed by WPSC on August 26, 2019 pursuant to Wis. Stat. § 196.026. (PSC REF#: 375070.) On September 17, 2019, the Commission notified the Parties that pursuant to Wis. Stat. § 196.026(6), each party's agreement, objection or non-objection to the Settlement Agreement was required to be filed with the Commission no later than September 30, 2019. (PSC REF#: 375859.)

The Settling Parties filed responses to the Settlement Agreement reiterating support for the settlement. With the exception of Sierra Club which objected to the Settlement Agreement, all other Parties either filed non-objecting comments or failed to respond which constitutes a non-objection per Wis. Stat. § 196.026(6). The Settlement Agreement accepted all but one of Commission staff's audit adjustments to the WPSC revenue requirements. The Settlement Agreement included other provisions as negotiated by the Settling Parties, which will be further explained herein.

While the Settlement Agreement resolved most of the revenue requirement, recovery of cost overruns from the construction of the ReACT™ unit at Weston 3, revenue allocation, and certain rate design issues remained unresolved. The Settlement Agreement reflected a preliminary fuel cost estimate for the 2020 Fuel Cost Plan, but the Fuel Cost Plan was also not among the settled issues with WPSC and the Settling Parties agreed that the plan would be established consistent with the requirements of Wis. Admin. Code ch. PSC 116. Further, as the Settlement Agreement did include an increase to electric and natural gas rates, a hearing was required by law pursuant to Wis. Stat. § 196.20. Hearings were held on October 9, 2019 in Madison, Wisconsin, to receive technical information on both settled and non-settled issues from the Parties. On October 17, 2019, hearings were held in Green Bay, Wisconsin, to receive public comments into the record. Public comments were also received on the Commission's website.

The Commission considered the Settlement Agreement at its open meeting of October 31, 2019, and at its open meeting of November 14, 2019, considered the remaining issues. The parties, for purposes of review under Wis. Stat. §§ 227.47 and 227.53, are listed in Appendix A.

Findings of Fact

1. WPSC is an investor-owned electric and natural gas public utility as defined in Wis. Stat. § 196.01(5)(a), providing electric and natural gas service to north-central and northeast Wisconsin.

2. The procedural and substantive requirements of Wis. Stat. § 196.026(3)-(7) have been satisfied.

3. Presently authorized rates for WPSC's Wisconsin retail electric utility operations will produce total operating revenues of $1,032,515,000 for the test year ending December 31, 2020, which results in an adjusted Wisconsin retail net operating income of $183,293,000 and an annual revenue deficiency of $15,764,000.

4. Presently authorized rates for WPSC's Wisconsin natural gas utility operations will produce total operating revenues of $305,500,000 for the test year ending December 31, 2020, which results in an adjusted net operating income of $41,137,000 and an annual revenue deficiency of $4,323,000.

5. For the Wisconsin retail electric utility, the estimated rate of return on average net investment rate base of $2,569,516,000 at current rates subject to the Commission's jurisdiction for the test year is 7.13 percent, which is inadequate.

6. For the Wisconsin natural gas utility, the estimated rate of return on average net investment rate base of $581,525,000 at current rates subject to the Commission's jurisdiction for the test year is 7.07 percent, which is inadequate.

7. A reasonable increase in operating revenue for the test year to produce a 7.58 percent return on WPSC's average net investment rate base for Wisconsin retail electric operations is $15,764,000.

8. A reasonable increase in operating revenue for the test year to produce a 7.61 percent return on WPSC's average net investment rate base for natural gas operations is $4,323,000.

9. WPSC's filed operating income statements and net investment rate base for the test year, as adjusted by the Commission, are reasonable.

10. The Commission finds that reasonable total company fuel costs (all fuel costs) are $299.623 million. The Commission finds that a reasonable 2020 Fuel Cost Plan level of monitored fuel costs is $291.434 million, which reflects the costs of generation and purchased energy, minus revenue from opportunity sales of energy and capacity. The reasonable 2020 Fuel Cost Plan also reflects the decreased margin on natural gas used for electric generation, purchased from WPSC's own gas utility. The fuel cost plan year monitored fuel cost divided by the authorized level of native requirements of 12,641,271 megawatt-hours (MWh) results in an average net monitored fuel cost per MWh of $23.05.

11. It is reasonable to accept and incorporate all of Commission staff's and WPSC's uncontested fuel cost adjustments.

12. It is reasonable to update fuel costs via delayed exhibit submission to account for October 15, 2019 forecasts for coal, rail, natural gas costs on electric fuels costs, purchased power costs, purchased capacity costs, risk management costs, opportunity sales revenues, and interruptible revenue credits.

13. The fuel cost data in Appendix E shall be used for monitoring WPSC's 2020 fuel costs.

14. It is reasonable to monitor WPSC's fuel costs, using a plus or minus 2 percent bandwidth, as provided in Wis. Admin. Code § PSC 116.06(3).

15. It is reasonable for WPSC electric to implement a volumetric bill credit ($/kilowatt-hour (kWh)) to return $12,121,000 of excess deferred income tax (EDIT) balances to customers beginning January 1, 2020 and ending December 31, 2020. The bill credits will be trued-up in 2021 as part of the docket 5-AF-101 required annual true-up.

16. It is reasonable for WPSC electric to implement a volumetric bill credit ($/kWh) to return $40,034,000 of EDIT balances to customers beginning January 1, 2021 and ending December 31, 2021. The bill credits will be trued-up in 2022 as part of the docket 5-AF-101 required annual true-up.

17. It is reasonable for WPSC gas to implement a volumetric bill credit ($/therm) to return $5,271,000 of EDIT balances annually to customers and for these bill credits to terminate on December 31, 2023. The bill credits will be trued-up annually as part of the docket 5-AF-101 required annual true-up.

18. It is reasonable for WPSC electric to implement a volumetric bill credit ($/kWh) to return $10,722,000 of 2018 deferred revenue sharing balances annually to Wisconsin retail electric customers and for these bill credits to terminate on December 31, 2021. This bill credit will be trued-up in WPSC's next rate proceeding.

19. It is reasonable for WPSC to include 100 percent of the cost overruns from the construction of the ReACT™ unit at Weston 3 in the calculation of its average net investment rate base for the 2020 test year.

20. It is reasonable for WPSC to recover 100 percent of the regulatory asset associated with ReACT™ cost overruns.

21. It is reasonable for WPSC to recover the ReACT™ regulatory asset over eight years beginning January 1, 2020 as reflected in Commission staff's audit adjustments.

22. It is reasonable for WPSC to recover the Bluewater Natural Gas Storage LLC (Bluewater) gas storage reservation charges in its base rates consistent with the Commission's Final Decision in docket 5-DR-112.

23. It is reasonable for WPSC to modify its gas plan in docket 6690-GP-2019 to reflect the recovery of the Bluewater gas storage reservation charges in its base rates.

24. It is reasonable for the Commission to authorize escrow accounting treatment for the Bluewater gas storage reservation charges.

25. A reasonable estimate of escrowed Bluewater gas storage reservation charges for WPSC's natural gas utility is $9,809,000.

26. The modifications to the Revenue Sharing Mechanism (RSM) for 2020 and 2021 proposed in the Settlement Agreement are reasonable.

27. It is reasonable for WPSC to create a regulatory asset or liability for pension settlement costs or benefits as defined in the Final Decision in docket 05-UI-104 until December 31, 2021.

28. A reasonable estimate of escrowed uncollectible accounts expense for WPSC's electric utility is $4,214,000.

29. A reasonable estimate of escrowed uncollectible accounts expense for WPSC's natural gas utility is $2,111,000.

30. It is reasonable to extend the escrow treatment of network transmission charges and credits from American Transmission Company LLC (ATC) and Midcontinent Independent System Operator, Inc. (MISO) through 2021. This would include any Federal Energy Regulatory Commission (FERC)-ordered ATC and MISO retroactive transmission asset rate of return refunds and any System Support Resource (SSR) costs and credit true-ups which shall also be escrowed for return to, or collection from, ratepayers in a subsequent fuel reconciliation or rate case proceeding.

31. A reasonable estimate of escrowed conservation expense to be recorded for WPSC electric is $5,483,000, which is comprised of $13,753,000 of estimated expenditures less $8,270,000 of negative amortization expense of underspent amounts.

32. A reasonable estimate of escrowed conservation expense to be recorded for WPSC gas is $5,411,000, which is comprised of $4,879,000 of estimated expenditures plus amortization expense for overspent amount of $532,000.

33. The reasonable level of expensed farm rewiring costs recoverable in rates for the 2020 test year is $976,000 for electric utility operations. The expense level consists of the farm rewiring budget of $800,000 plus a two-year amortization of the overspent amount of $176,000.

34. It is reasonable that the Commission's determination in this matter is based on the specific facts presented in the Settlement Agreement, is not precedential, and shall not be construed as applicable to any other situation outside of this particular settlement.

35. It is reasonable for WPSC to record the annual expense amounts itemized in Appendix F, for all items listed for 2020 and 2021 or until the Commission authorizes a different amortization expense to be recorded.

36. It is reasonable for the Commission to authorize escrow accounting treatment for WPSC's bad debt expenses for both its natural gas and electric utilities consistent with the treatment currently utilized by Wisconsin Electric Power Company (WEPCO) and Wisconsin Gas LLC (WG).

37. A long-term range of 50.00 percent to 55.00 percent for WPSC's common equity ratio, on a financial basis, is reasonable and provides adequate financial flexibility.

38. An appropriate target level for the test-year average common equity measured on a financial capital structure basis is 52.50 percent.

39. It is appropriate to limit the amount of equity infusion to the lesser of the amount needed to achieve a test-year average equity ratio, on a financial basis, approximating the target level of 52.50 percent or the amount found not to result in cash or cash equivalent holdings.

40. A reasonable estimate of the amount of debt equivalent to be imputed into WPSC's financial capital structure for the test-year is $24,463,000, consisting of (a) $18,391,000 related to purchased power agreements (PPA) and (b) $6,072,000 related to operating leases.

41. A reasonable financial capital structure for the test year consists of 52.50 percent common equity, 42.74 percent long-term debt, 4.13 percent short-term debt, and 0.63 percent debt equivalence for off-balance sheet obligations, including subsidiary debt.

42. It is reasonable to revise WPSC's dividend restriction based on the capital structure determinations in this proceeding, as set forth in the Opinion section in this Final Decision.

43. It is reasonable to require WPSC to submit a ten-year financial forecast in its next rate proceeding.

44. It is reasonable to require WPSC to submit in its next rate proceeding detailed information regarding all off-balance sheet obligations for which the financial markets will calculate a debt equivalent.

45. A reasonable utility capital structure for ratemaking for the test year consists of 51.96 percent common equity, 43.80 percent long-term debt, and 4.24 percent short-term debt.

46. A reasonable return on utility common stock equity is 10.00 percent.

47. A reasonable interest rate for short-term borrowing through commercial paper is 2.73 percent for the test year.

48. A reasonable interest rate for the $300 million long-term debt to be issued in 2020 is 4.75 percent.

49. A reasonable average embedded cost for long-term debt is 4.36 percent for the test year.

50. A reasonable weighted average composite cost of capital is 7.22 percent.

51. It is reasonable to consider the full range of cost-of-service study (COSS) results presented in the record when allocating test year 2020 electric and natural gas revenue responsibility.

52. It is reasonable to approve rate changes for electric and natural gas service as shown in Appendices B and C.

53. The rate design components and changes agreed to in the Settlement Agreement or otherwise uncontested are reasonable.

54. It is reasonable to authorize the elimination of WPSC's Direct Load Control Program.

55. It is reasonable for the real time pricing tariffs, New Load Market Pricing (NLMP) and Real Time Market Pricing (RTMP), to remain unchanged from those authorized in dockets 6690-UR-125 and 6690-TE-105 except for those tariff modifications included in the Settlement Agreement as discussed in the Final Decision through December 31, 2021.

56. It is not reasonable for WPSC to implement a Residential Electric Vehicle (REV) charger incentive program as proposed by WPSC.

57. It is reasonable for WPSC to continue to reference the MISO Planning Resource Auction (PRA) results for its parallel generation avoided capacity costs.

58. It is reasonable for WPSC to work with Commission staff to develop a new analysis for the Naturewise program for inclusion in WPSC's next rate case or rate case settlement proceeding, and list the renewable resources utilized for the program.

59. It is reasonable for WPSC to eliminate its programs for Controlled Water Heating Service, Next Day Pricing Program, and Cp-I2 Interruptible Market Bid Option programs, and make proposed changes to extension allowances.

60. It is reasonable for WPSC to work with Commission staff on issues pertaining to budget billing in relation to its Electric Service Rules, and request any proposed changes in a separate docket.

61. It is reasonable for WPSC, with regard to the provisions relating to generation planning in the Settlement Agreement, to include "the remaining investment costs from the plant to be retired," along with the existing specification to include the impact of replacement power costs, in the cost benefit analysis.

62. It is reasonable with regard to the provisions relating to generation planning in the Settlement Agreement, for WPSC's retirement proposals to be submitted to the Commission and Commission staff.

63. It is reasonable, with regard to the provisions relating to generation planning in the Settlement Agreement, to share the results of MISO Y2 analyses with Commission staff as well as the Settling Parties.

64. It is reasonable for not more than 30 days after WPSC files a proposal to retire an electric generating plant with a regional transmission organization, WPSC shall provide that proposal in its entirety to the Commission, including Commission staff.

65. It is reasonable for the materials provided to Commission staff as part of generating plant retirement proposals shall include MISO's forms for Attachment Y, Attachment

Y1, and Attachment Y2, any supporting documents referenced in those forms, and any other documents submitted as part of the proposal.

66. The provisions of the Settlement Agreement not explicitly discussed or modified in this Final Decision are reasonable.

Conclusions of Law

1. The Commission has jurisdiction under Wis. Stat. §§ 1.12, 196.02, 196.025, 196.026, 196.03, 196.19, 196.20, 196.21, 196.37, 196.374, 196.395, 196.40, and Wis. Admin. Code chs. PSC 113, 116, 134, and 137 to enter a Final Decision approving the Settlement Agreement in Appendix D, as modified and conditioned by this Final Decision, authorizing WPSC to place in effect the rates and rules for electric and natural gas service set forth in Appendices B and C, and the fuel cost treatment set forth in Appendix E.

2. The procedural requirements of Wis. Stat. § 196.026(4)-(6) have been satisfied.

3. Each party has been given a reasonable opportunity to present evidence and arguments in opposition to the Settlement Agreement as required by Wis. Stat. § 196.026(7)(a).

4. The public interest is adequately represented by the Settling Parties as required by Wis. Stat. § 196.026(7)(b).

5. The Settlement Agreement, the terms of which are set forth in Appendix D to this Final Decision, as modified and conditioned by this Final Decision, represents a fair and reasonable resolution of the revenue requirement, is supported by substantial evidence on the record as a whole, and complies with applicable law, including that the rates resulting from the Settlement Agreement are just and reasonable, as required by Wis. Stat. § 196.026(7)(c).

6. The Commission's determination in this matter is based on the specific facts presented in the Settlement Agreement and is not precedential.

Opinion

WPSC and its Business

WPSC is a public utility, as defined in Wis. Stat. § 196.01(5), engaged in the production, transmission, distribution, and sale of electricity, and in the purchase, distribution, and sale of natural gas in a service area of approximately 11,000 square miles in north-central and northeastern Wisconsin and adjacent parts of upper Michigan. Cities that WPSC serves with retail electric service or natural gas service include Green Bay, Marinette, Oshkosh, Rhinelander, Sheboygan, Stevens Point, and Wausau in Wisconsin, and Menominee in Michigan.

WPSC also sells electricity at wholesale rates to other utilities and electric cooperatives for resale. FERC regulates wholesale sales and rates. WPSC's wholesale rates, therefore, are not affected by this Final Decision. Similarly, the rates applicable to retail sales of electricity and natural gas to Michigan customers are not subject to the jurisdiction of this Commission and are not affected by this Final Decision.

WPSC is an operating subsidiary of WEC, a holding company based in Milwaukee, Wisconsin.

Income Statement

WPSC filed an application with the Commission on March 23, 2019 requesting authority to increase its electric and natural gas rates on January 1, 2020, and a step increase for its electric rates on January 1, 2021. WPSC requested Wisconsin jurisdictional revenue increases of $48.6 million (4.9 percent) in 2020 and $48.6 million (4.9 percent) in 2021 for its electric operations. WPSC requested revenue increases of $7.2 million (2.4 percent) in 2020 and $7.1 million (2.4 percent) in 2021 for its natural gas operations. WPSC's last comprehensive rate case that adjusted base rates was the 2016 test year.[1]

WPSC indicated that the major drivers of the rate increases requested for the electric operations related to seeking to begin recovery of the System Modernization and Reliability Project capital investments authorized in docket 6690-CE-198; to begin recovery of the Forward Wind Farm in rates authorized in docket 5-BS-226 with deferral of non-fuel costs associated with the purchase; and to recover via rates the previously deferred cost overruns from the construction of the ReACT™ unit at Weston 3, WPSC's continued capital investments since its last rate case, updating transmission expense, and the addition of Badger Hollow and Two Creeks solar generation to rates beginning in late 2020. (Direct-WPSC-Zgonc-6-8; Ex.-WPSC-Zgonc-1 at Schedule 2.) Factors mitigating the rate increases for the electric operations, according to WPSC, include reduced Operations and Maintenance costs as a result of the acquisition of Integrys Energy Group; federal tax reform that has reduced the utility's tax expense burden; and the proposed application of over $16 million of unprotected tax benefits in 2020, over $24 million of unprotected tax benefits in 2021, of over $21 million of 2018 revenue sharing proceeds and $7 million of positive cost recovery arising from 2018 fuel reconciliation as bill credits to offset otherwise-required rate increases. (Direct-WPSC-Zgonc-8.)

WPSC identified capital carry costs and depreciation on its increased investment in new mains, services, and other distribution plant as the primary drivers of the 2020 revenue

[1] Final Decision, *Joint Application of Wisconsin Public Service Corporation for Authority to Adjust Electric and Natural Gas Rates*, docket 6690-UR-124 (Wis. PSC Dec. 21, 2015) (PSC REF#: 279522).

deficiencies for its natural gas utilities which are offset in part by federal tax reform. (Direct-WPSC-Zgonc-9-10; Ex.-WPSC-Zgonc-1 at Schedule 2.)

Commission staff completed a comprehensive audit of WPCS's application. Based on its audit, Commission staff adjustments to the WPSC filing totaled a $28.3 million reduction in revenue requirement for WPSC electric and a $5.7 million reduction in revenue requirement for WPSC gas. (Direct-PSC-Sullivan-3-r.) Commission staff's revenue adjustments were on a total company basis and assumed a single rate adjustment for the 2020 test year only. Commission staff's revenue deficiencies for WPSC's operations was based on a 10.0 percent Return on Equity (ROE) and the currently authorized equity layer of 51.0 percent. (*Id*.) Commission staff's adjustments following the audit were summarized in Ex.-PSC-Sullivan-1 and included, by way of example, adjustments for items such as:

- Adjustments to electric sales revenues and natural gas sales margins;
- Reductions to purchased gas expense for WPSC natural gas operations to remove the reservations charge for the Bluewater Firm Storage Agreements from the purchased gas adjustment clause (PGAC) and the movement of the costs to the Gas Storage FERC accounts for recovery via base rates consistent with the Commission's Final Decision in docket 5-DR-112;
- Reduction to labor related expenses;
- Reductions in the amortization expenses based on Commission staff adjustments to conservation expenses;
- Modifications to expenses related to industry association dues and other miscellaneous adjustments;
- Adjustments to the amortization of the ReACT™ cost overruns regulatory asset from the 4-year recovery period to an 8-year recovery period; and
- Adjustments to reflect the revenue requirement impact for WPSC to modify capital structures to 10.0 percent ROE and a 51.0 percent equity layer.

Settlement

The Settlement Agreement

On August 30, 2019, pursuant to Wis. Stat. § 196.026(4), WPSC filed an application for Commission approval of a Settlement Agreement with the Settling Parties for test-year 2020. (PSC REF#: 375066.) The Settlement Agreement incorporated all of Commission staff's audit adjustments, except for modifications to capital structure, from those presented in Ex.-PSC-Sullivan-1. (PSC REF#: 374877.) The Settlement Agreement further lowered WPSC's 2020 test year revenue deficiency.

The recovery of the deferred revenue requirement of the ReACT™ unit at Weston 3 cost overruns since docket 6690-UR-124 and the inclusion of said overrun in WPSC's 2020 test year were not included in the Settlement Agreement; therefore, were subject to full litigation in this docket. The Settlement Agreement revenue requirement did include the ReACT™ regulatory asset recovery modification consistent with Commission staff's audit, extending the amortization period from four to eight years.

The provisions of the Settlement Agreement are detailed in Exhibit A attached to this Final Decision as Appendix D, and include the following key components:

Fuel Cost Plan

- The Settlement Agreement reflected a preliminary fuel cost estimate for 2020 Fuel Cost Plan, but stipulated that the Fuel Cost Plan shall be established pursuant to Wis. Admin. Code ch. PSC 116.
- Fuel costs shall be subject to update consistent with past Commission practice.

Revenue Requirement

- TCJA – The Settlement Agreement adopts WPSC's proposal to apply unprotected tax benefits and 2018 revenue sharing proceeds in amounts included in Commission staff's audit as a bill credit in 2020 and 2021.

- RSM – A modification to the existing revenue sharing mechanism, such that WPSC is authorized to retain 100 percent of the first 25 basis points of earnings above their respective settled ROEs. WPSC will return to customers an amount equal to 50 percent of earnings between 25 and 50 basis points above their respective settled ROEs. WPSC will return to customers 100 percent of earnings exceeding 75 basis points above their respective settled ROE. ROE should be measured in the same manner as earnings defined by "Excess revenues" in Wis. Admin. Code. Ch. PSC 116 (Fuel Rules ROE).

Financial Capital Structure and ROE

- ROE and the common equity component of capital structure will be 10.00 percent and 52.50 percent for WPSC.

Rate Design

- WPSC shall maintain all residential and small commercial electric and natural gas customer fixed charges at the currently authorized levels for 2020 and 2021.

- WPSC committed to work with the Settling Parties on new rates and innovative utility programs for customers.

- All market-based rate programs shall maintain the status quo through 2021.

- Real Time Pricing and Other Tariff-Cleanup relating to the customer baseline (CBL) used to determine the portion of a customer's load that can be subject to the NLMP tariff for energy and/or billing demands, as defined in the tariff. The revisions provided that the CBL may be permanently decreased when the customer reduces its load through the implementation of energy efficiency, conservation, or process improvement measures, or via the installation of new equipment (i.e. behind the meter generation) so as to remove a disincentive for undertaking these activities.

- WPSC will increase its interruptible credit to the level of WEPCO's interruptible capacity credit, reflected in WEPCO's Schedule Cp- FN.

- WPSC will provide CUB with a detailed household burden index analysis results prior WPSC's next rate application filing.

Generation Planning

- WPSC shall provide increased transparency to the Settling Parties and Commission staff regarding generation planning decisions as explained in the Settlement Agreement.

Revenue Requirement Impacts of Settlement Agreement – WPSC Electric

Commission staff's aggregate audit adjustments to WPSC's Wisconsin jurisdictional electric operations totaled a decrease in revenue requirement of $24,169,000. The Settlement Agreement decreased these adjustments by $3,875,000. The entirety of the modification to Commission staff's adjustments is due to the increase in WPSC's equity layer from the 51 percent utilized in Commission staff's audit to 52.5 percent on a financial basis.

Revenue Requirement Impacts of Settlement Agreement – WPSC Natural Gas

Commission staff's aggregate audit adjustments to WPSC's natural gas operations totaled a decrease in revenue requirement of $5,738,000. The Settlement Agreement decreased these adjustments by $872,000. The entirety of the modification to Commission staff's adjustments is due to the increase in WPSC's equity layer from the 51 percent utilized in Commission staff's audit to 52.5 percent on a financial basis.

Summary of Revenue Requirement Impacts

In summary, the Settlement Agreement resulted in a reduction to WPSC electric's Wisconsin retail revenue deficiency to 3.5 percent and the elimination of the 2021 step increase including the impact of the EDIT and 2018 revenue sharing bill credits. WPSC's natural gas operations 2020 test year natural gas revenue deficiency was reduced to 1.4 percent and the elimination of the 2021 step increase including the impact of the EDIT bill credits. The revenue requirement impact of the Settlement Agreement is detailed in Ex.-WPSC-Zgonc-4. (PSC REF#: 375091.)

Settlement Law

Prior to 2018, Wisconsin law, unlike other jurisdictions, did not contain a specific statutory provision relating to settlements. In this absence, the Commission evaluated settlement proposals under the just and reasonable rates standard reflected in Wis. Stat. §§ 196.03 and 196.37, as well its authority to issue conditional orders under Wis. Stat. § 196.395.[2] The Commission also evaluated settlement proposals in light of the various judicial review standards reflected in Wis. Stat. § 227.57 that require considerations of whether there is substantial evidence to support any determination regarding the proposal under Wis. Stat. § 227.57(6) and whether such determinations satisfied the erroneous exercise of discretion standard in Wis. Stat. § 227.57(8). Applying this approach, the Commission has reviewed and approved numerous rate case settlements.[3]

[2] Wisconsin Stat. § 196.03 provides that any rate charged by a public utility for its service "shall be reasonable and just and every unjust or unreasonable charge for such service is prohibited and declared unlawful." Similarly, Wis. Stat. § 196.37 provides that if the Commission determines that any rate charged by a public utility for its service is unjust and unreasonable, the Commission "shall determine and order reasonable rates [and] charges[.]" Wisconsin Stat. § 196.395 states, in relevant part, that the Commission "may issue conditional, temporary, emergency and supplemental orders. If an order is issued upon certain stated conditions, any party acting upon any part of the order shall be deemed to have accepted and waived all objections to any condition contained in the order."

[3] *See, e.g.*,Final Decision, *Joint Application of Wisconsin Elec. Power Co. & Wisconsin Gas, LLC, Both d/b/a We Energies, for Auth. to Adjust Elec., Nat. Gas, & Steam Rates,* docket 5-UR-105 (Wis. PSC Nov. 3, 2011) (PSC REF#: 155380) (authorizing no rate change between 2012 and 2013 for Wisconsin Electric Power Company and Wisconsin Gas by suspending $148 million of amortizations); Final Decision, *Application of Madison Gas & Elec. Co. for Auth. to Freeze Elec. & Nat. Gas Rates, Subject to Conditions*, docket 3270-UR-119, (Wis. PSC July 26, 2013) (PSC REF#: 187928); Final Decision, *Application of Wisconsin Power & Light Co. for Auth. to Adjust Elec. & Nat. Gas Rates,* docket 6680-UR-118 (Wis. PSC July 19, 2012) (PSC REF#: 168724); Final Decision, *Application of Wisconsin Power & Light Co. Regarding the 2020 Test Year Elec. & Nat. Gas Base Rates*, docket 6680-UR-119 (Wis. PSC July 17, 2014) (PSC REF#: 210409); Final Decision, *Application of Wisconsin Power & Light Co. for Auth. to Adjust Elec. & Nat. Gas Rates,* docket 6680-UR-120, (Wis. PSC Dec. 22, 2016) (PSC REF#: 295820)*;* Final Decision, *Joint Application of Wisconsin Elec. Power Co. & Wisconsin Gas LLC for A Base Rate Freeze for Test Years 2018 & 2019 and Application of Wisconsin Pub. Serv. Corp. for A Base Rate Freeze for Test Years 2018 & 2019*, dockets 5-UR-108 and 6690-UR-125 (Wis. PSC Sept. 8, 2017) (PSC REF#: 330746).

On January 31, 2018, the Legislature enacted 2017 Wisconsin Act 136, which created Wis. Stat. § 196.026 governing settlements.[4] The law embodies the substantive standards under existing law previously applied by the Commission and cited above, and added additional procedural and substantive criteria, including:

- Encouraging parties to enter into settlements when possible;
- Providing that parties can agree upon some or all of the facts and resolve some or all of the issues;
- Requiring that settlements be evidenced in writing, submitted to the Commission all with any documents, testimony or exhibits, and entered upon the record;

[4] **196.026 Settlements**.

(1) All parties to dockets before the commission are encouraged to enter into settlements when possible.

(2) In this section, "docket" means an investigation, proceeding, or other matter opened by a vote of the commission, except for rule making.

(3) Parties to a docket may agree upon some or all of the facts. The agreement shall be evidenced by a written stipulation filed with the commission or entered upon the record. The stipulation shall be regarded and used as evidence in the docket.

(4) Parties to a docket may agree upon a resolution of some or all of the issues. When a written settlement agreement is proposed by some of the parties, those parties shall submit to the commission the settlement agreement and any documents, testimony, or exhibits, including record citations if there is a record, and any other matters those parties consider relevant to the proposed settlement and serve a copy of the settlement agreement upon all parties to the docket.

(5) If a proposed settlement agreement is not supported by all parties, the settling parties shall convene at least one conference with notice and opportunity to participate provided to all parties for the purpose of discussing the proposed settlement agreement. A non-settling party may waive its right to the conference provided in this subsection.

(6) Within 30 days of service of a settlement agreement under sub. (4), each party to the docket shall respond in writing by filing and serving on all parties the party's agreement, objection, or non-objection to the settlement agreement. Failure to respond in writing within 30 days of service, unless a different time is set by the commission for good cause, shall constitute non-objection to the settlement agreement. A party objecting to a settlement agreement shall state all objections with particularity and shall specify how the party would be adversely affected by each provision of the settlement agreement to which the party objects.

(7) The commission may approve a settlement agreement under sub. (4) if all of following conditions are met:

(a) All of the following have been given a reasonable opportunity to present evidence and arguments in opposition to the settlement agreement:

1. Each party that has filed an objection or non-objection to the settlement agreement under sub. (6).

2. Each party whose failure to respond in writing constitutes a non-objection to the settlement agreement under sub. (6).

(b) The commission finds that the public interest is adequately represented by the parties who entered into the settlement agreement.

(c) The commission finds that the settlement agreement represents a fair and reasonable resolution to the docket, is supported by substantial evidence on the record as a whole, and complies with applicable law, including that any rates resulting from the settlement agreement are just and reasonable.

(8) The commission may approve a settlement agreement under sub. (4) in whole or in part and with conditions deemed necessary by the commission. If the settlement agreement does not resolve all of the issues in the docket, the commission shall decide the remaining issues in accordance with applicable law and procedure.

- For contested settlements, requiring the convening of at least one conference with notice and opportunity to participate provided to all parties;
- Within 30 days after service of the settlement agreement, unless a different date and time is set by the Commission for good cause, requiring all parties to respond in writing indicating objection or non-objection to the settlement with the statement of any objections with particularity and specifying how the party would be adversely affected be each objectionable part of the settlement; and
- Providing that a party's failure to respond within the time period provided constitutes non-objection to the settlement.

Wis. Stat. § 196.026(2)-(6).

The law provides that the Commission may approve a settlement agreement if all of the following are met: (1) each party who has either filed an objection, non-objection or failed to respond has been given reasonable opportunity to present evidence and arguments in opposition to the settlement agreement; (2) the Commission finds that the public interest is adequately represented by the parties who entered into the settlement agreement; and (3) the Commission finds that the settlement agreement represents a fair and reasonable resolution to the docket, is supported by substantial evidence on the record as a whole, and complies with applicable law, including that any rates resulting from the settlement are just and reasonable. Wis. Stat. § 196.026(7). The Commission may approve a settlement agreement in whole or in part and with conditions deemed necessary by the Commission. Wis. Stat. § 196.026(8). If the settlement does not resolve all of the issues in the docket, the Commission shall decide the remaining issues in accordance with applicable law and procedure. *Id.*

Approval of the Settlement Agreement

Since enactment of Wisconsin's settlement law, the Commission has approved several rate case settlements applying Wis. Stat. § 196.026. These settlements have resulted in rate freezes, rate decreases, rate increases, or some combination thereof.[5] Rate setting, including approving settlements that adjust rates, is an area in which the Commission has special expertise. *Brookfield v. Milwaukee Metropolitan Sewerage Dist.*,141 Wis. 2d 10, 15, 414 N.W.2d 308 (Ct. App. 1987). It has set utility rates for more than 100 years. In ratemaking, the Commission exercises a legislative function. *Wis. Mfr. And Commerce v. Public Serv. Comm 'n (WMC),*94 Wis. 2d 314, 319, 319, 287 N.W.2d 844 (1979). "It is well established that the [Commission], in designing a rate structure that will enable a utility to recover the total revenue authorized, has wide discretion in determining the factors upon which it may base its precise rate schedule. . . . Rate-making agencies are not bound to any single regulatory formula; they are permitted to make the pragmatic adjustments, which may be called for by particular circumstances, unless their statutory authority plainly precludes this." *Id.* at 320, (citing *City of West Allis v Pub. Serv. Comm 'n,* 42 Wis. 2d 569, 167 N.W.2d 401 (1969) (footnotes omitted).

Determining whether rates are just and reasonable often requires a high degree of discretion, judgment, and technical analysis. Such decisions involve intertwined legal, factual, and public policy determinations. The Commission, as fact finder, is charged with sifting through all of the information and applying the statutory criteria to reach a well-reasoned decision. In doing so, the Commission uses its experience, technical competence and specialized

[5] Final Decision, *Application of Northern States Power Company-Wisconsin for Authority to Adjust Electric and Natural Gas Rates*, docket 4220-UR-124 (Wis. PSC Dec. 12, 2019) (PSC REF#: 380611) (authorizing no change to base electric rates and a decrease for natural gas base rates); Final Decision, *Application of Wisconsin Power and Light Company for Authority to Adjust Electric and Natural Gas Rates*, docket 6680-UR-121 (Wis. PSC Dec. 20, 2018) (PSC REF#: 355884) (authorizing electric and natural gas base rate freeze for test years 2019 and 2020); Final Decision, *Application of Madison Gas and Electric Company for Authority to Change Electric and Natural Gas Rates,* docket 3270-UR-122 (Wis. PSC Dec. 20, 2018) (PSC REF#: 355887) (authorizing electric base rate decrease and a natural gas base rate increase); Final Decision, *Application of the City of Kaukauna, Outagamie County, Wisconsin, as an Electric Public Utility, for Authority to Adjust Electric Rates*, docket 2800-ER-108 (Wis. PSC Jan. 30, 2019) (PSC REF#: 358621) (authorizing rate decrease).

knowledge to determine the credibility of each witness and the persuasiveness of highly technical evidence presented on each issue.

In applying this experience and expertise, the Commission concludes, for the reasons set forth more fully herein and in the record, that the Settlement Agreement in this docket, as modified and conditioned by this Final Decision, complies with both the procedural and substantive requirements of Wis. Stat. § 196.026.

Compliance with Procedural Requirements of Wis. Stat. § 196.026(4)-(6)

Wisconsin Stat. § 196.026(4) provides that parties to a docket may agree upon a resolution of some or all of the issues. Here, as discussed previously, WPSC and the Settling Parties have agreed to resolve issues related to the revenue requirement (except ReACT™) and other issues identified in the Settlement Agreement. Wisconsin Stat. § 196.026(4) requires that a written settlement agreement and any documents, testimony, or exhibits be filed with the Commission. The settlement agreement must be served on all parties to the docket. *Id*. If the proposed settlement agreement is not supported by all parties, Wis. Stat. § 196.026(5) requires that at least one conference, with notice and opportunity to participate provided to all parties, must be convened.

On August 23, 2019, WPSC filed a notice of intent to file a partial settlement agreement (PSC REF#: 374558) for its ongoing contested rate case in docket 6690-UR-126. On August 26, 2019, WPSC filed a copy of a partial Settlement Agreement that WPSC had entered into on August 22, 2019, with CUB and WIEG. (PSC REF#: 374687.) On August 29, 2019, WPSC, CUB, and WIEG convened a conference with notice and opportunity to participate provided to all parties to discuss the proposed Settlement Agreement. (PSC REF#: 375031.) All parties participated in the statutorily required conference. On the same day as the conference, Clean joined WPSC, CUB, and WIEG as a party to the Settlement Agreement. (PSC REF#: 375070).

On August 30, 2019, WPSC filed the Settlement Agreement and an application for approval of settlement with the Commission, along with supporting documentation, and certified the same were served upon all Parties in this docket. (PSC REF#: 375066.)

Wisconsin Stat. § 196.026(6) requires that, within 30 days of service of a settlement agreement, each party shall respond in writing by filing and serving on all parties the party's agreement, objection, or non-objection to the settlement agreement. A party objecting to the settlement agreement is required to state all objections with particularity and specific how the party would be adversely affected by each provision of the agreement.

The Commission notified the Parties that pursuant to Wis. Stat. § 196.026(6), each party's agreement, objection, or non-objection to the Settlement Agreement was required to be filed with the Commission no later than September 30, 2019. (PSC REF#: 375859.)

Each of the Settling Parties filed responses to the Settlement Agreement reiterating support for the settlement. (PSC REF#: 376539, PSC REF#: 376543, PSC REF#: 376549.) The non-settling parties that filed non-objecting comments were Walmart, RENEW, and CNEG. (PSC REF#: 376337, PSC REF#: 376523, PSC REF#: 376544.) WPC and MEPS did not file comments regarding the settlement by September 30, 2019, which, by statute, constitutes non-objection to the settlement. Sierra Club was the only party that objected to the Settlement Agreement. (PSC REF#: 376550 confidential, PSC REF#: 376551 public)

In light of the activities that have occurred and as documented in the record for this docket, the Commission concludes that there has been compliance with the procedural requirements of Wis. Stat. § 196.026(4)-(6). All Parties concede that these requirements have been satisfied. (PSC REF#: 377918.)

Satisfaction of the Settlement Criteria of Wis. Stat. § 196.026(7)(a) and (7)(b)

The Commission may approve the Settlement Agreement if:

(a) All of the following have been given a reasonable opportunity to present evidence and arguments in opposition to settlement agreement:

1. Each party that has filed an objection or non-objection to the settlement agreement under sub. (6).
2. Each party whose failure to respond in writing constitutes a non-objection to the settlement agreement under sub. (6).

(b) The Commission finds that the public interest is adequately represented by the parties who entered into the settlement agreement.

All Parties have been afforded an opportunity to present evidence and arguments in opposition to the Settlement Agreement through the submission of written responses pursuant to Wis. Stat. § 196.026(6) on September 30, 2019. Additionally, the Commission has provided a further opportunity for the parties and the public to present evidence and arguments through participation in an October 9, 2019 hearing, and submittal of testimony, and briefs. All Parties concede that each have been given a reasonable opportunity to present evidence and arguments in opposition to the Settlement Agreement. (PSC REF#: 377918.)

Under Wis. Stat. § 196.026(7)(b), the Commission may approve the Settlement Agreement if it finds that the public interest is adequately represented by the parties who entered into the Settlement Agreement. In this case, CUB, Clean, and WIEG are signatories to the Settlement Agreement with WPSC.

The Settling Parties represent residential, small business, and large industrial customers served by WPSC, including customers belonging to an organization that advocates for clean, renewable energy. CUB has approximately 2,000 members who are primarily citizens of Wisconsin. (PSC REF#: 363572.) These members include residential and small business customers of WPSC. CUB's charter is to advocate on behalf of residential and other customers on utility issues. (*Id.*) CUB contends that its advocacy benefits not just its own members, but all residential and small business ratepayers of the state. (*Id.*) Clean is a non-profit organization that works to protect Wisconsin's air and water and advocates for clean energy. (PSC REF#: 365019.) It advocates for clean, renewable energy and many of its members live and work in WPSC' service territory. WIEG is a member organization of large industrial customers in the state of Wisconsin. (PSC REF#: 366007.) WIEG was organized to provide information to its members about energy matters and to form ad hoc groups for intervention and participation in dockets before the Commission and for other matters. (*Id.)* Members of WIEG are customers of WPSC and purchase energy to meet their business needs. (*Id.*)

The Settling Parties represent a wide cross-section of customers representative of the public interest. In addition to the Settling Parties, the following non-settling, non-objecting parties to this proceeding represent the following constituencies:

- WPC is a trade association representing the pulp, paper and allied industry in Wisconsin. (PSC REF#: 364355.) Multiple members of WPC are retail electric and/or natural gas customers of WPSC, and any decision relating to rates will directly affect those customers.

- Walmart is a commercial customer of WPSC. (PSC REF#: 365638.) Walmart operates more than 100 retail facilities and distribution centers in Wisconsin, a significant number of which are served by WPSC.

- CNEG customers receive distribution services from WPSC. (PSC REF#: 366460.)

- MEPS clients include an array of commercial, government and industrial clients. Many of these clients and their facilities are located within WPSC gas service territories. (PSC REF#: 364482.)

- RENEW has more than 500 members and supporters in Wisconsin to advocate for clean, renewable electricity. RENEW's members included residential and small business customers of WPSC. (PSC REF#: 363824.)
- Roundy's is one of the largest retail food companies in the U.S. Roundy' operates numerous grocery stores in the state of Wisconsin that purchase their electric supply from the WPSC. These stores purchase millions of kWh of electricity from the Company annually. Roundy's is one of the largest commercial customers served by WPSC. (PSC REF#: 365314.)

Sierra Club was the only party to argue that the public interest was not adequately represented by the Settling Parties. Sierra Club argued that Wis. Stat. § 196.026(7)(b) can only be satisfied where the Settlement Agreement includes all parties who have actively participated in the docket. Sierra Club's argument finds no support in the law as drafted. It specifically contemplated disputed settlements, requiring that at least one settlement conference be convened if the settlement is disputed. Wis. Stat. § 196.026(5). The law also requires objecting parties to state objections with particularity. Wis. Stat. § 196.026(6). Sierra Club's position is also contrary to sound public policy as it would allow one party to hold the entire settlement hostage.

Sierra Club also fails to articulate what interest is not being represented by the Settling Parties and those who actively participated in the docket and did not raise an objection to the Settlement Agreement. Sierra Club's stated interest[6] appears to be adequately represented by the parties representing customers of WPSC and other organizations that support renewable energy alternatives. Further, the Commission has concluded in past settlements, that CUB and WIEG adequately represent the public interest.[7]

[6] Sierra Club has 17,000 members in Wisconsin, many of whom are customers of We Energies. Sierra Club's stated interest in this proceeding is to support policies to reduce the impact of climate change and move Wisconsin toward a coal-free future by promoting clean energy alternatives and energy efficiency measures, to advocate for the implementation of incentive programs to assist its members and utility customers generally to generate their own renewable energy and increase energy efficiency, and to inform the Commission of it interests (both environmental, health, and economic) that relate to We Energies' proposed rate restructuring. (PSC REF#: 363937.)

[7] *See* docket 6680-UR-121.

Lastly, Sierra Club's criticism that the Settlement Agreement represents the culmination of substantive negotiations with just CUB and WIEG rings hollow in light of the numerous opportunities since filing the Settlement Agreement that all Parties have had to express any objection to the Settlement Agreement which Sierra Club itself concedes satisfied the requirements of the law. Only Sierra Club lodged objections. All other Parties either affirmatively filed a statement of non-objection or did not respond which constitutes non-opposition.

Accordingly, the Commission finds Sierra Club's arguments unpersuasive. Given the broad representation by the signatories to the Settlement Agreement and the other non-settling parties who did not oppose the settlement, the Commission concludes that the public interest is adequately represented to the Settling Parties. In addition to the Commission's solicitation of comments on the memorandum by the Parties, public comments were also solicited through the Commission's website and at the hearings held on October 17, 2019, which further ensured the public interest was adequately represented.

Compliance with Wis. Stat. § 196.026(7)(c)

The final criteria that must be satisfied before the Commission may approve the Settlement Agreement is a finding that the Settlement Agreement represents a fair and reasonable resolution to the docket, is supported by substantial evidence on the record as a whole, and complies with applicable law, including that any rates resulting from the Settlement Agreement are just and reasonable. Wis. Stat. § 196.026(7)(c). In making this determination, the Commission may approve the Settlement Agreement in whole or in part and with conditions deemed necessary by the Commission. Wis. Stat. § 196.026(8).

Wisconsin Stat. § 196.026(1) embodies the legislative intent to encourage parties to enter into settlements when possible. The record in this proceeding confirms the demonstrated efforts of WPSC, the Settling Parties, and other parties to negotiate in good faith and after careful scrutiny of the WPSC's application. Unlike other settlements approved by the Commission, the negotiations that led to the Settlement Agreement occurred only after Commission staff had completed a comprehensive, four-month audit, and the Parties exchanged numerous discovery requests. Further, following the filing of the Settlement Agreement, there was additional opportunities for all Parties to submit additional evidence through additional rounds of pre-filed testimony, a hearing on both settled and non-settled matters, and the submittal of briefs.

The Settlement Agreement has the support or non-opposition of all parties to this proceeding with the exception Sierra Club which objects to the Settlement Agreement.

Sierra Club argued that the Settlement Agreement fails to reasonably resolve WPSC's revenue requirement because it allows recovery for the continued operation of Weston Units 3 and 4 and Columbia, which Sierra Club argued are uneconomic to operate. Furthermore, Sierra Club argued that the Settlement Agreement is not supported by adequate evidence because, Sierra Club claimed, WPSC has not demonstrated that operating uneconomic units is prudent. Finally, Sierra Club argued that the Settlement Agreement does not ensure reasonable rates because it allows recovery for imprudently operated units.

WPSC argued that Sierra Club's argument lacks a basis in Wisconsin law, falls outside the bounds of a rate case, and is based on an erroneous analysis of the units in question. WPSC countered that, in fact, the units operate economically and their continued operation is prudent.

WPSC also noted that there is no record evidence that would permit the Commission to conclude that retirement of its generating units in 2020 or 2021 is even an option.

The Commission finds that, contrary to Sierra Club's arguments, the Settlement Agreement provides a reasonable resolution to the revenue requirement, and as such the revenue requirement does not create a legal deficiency which would cause any rates stemming from the agreement to be unjust and unreasonable. Sierra Club does not argue that Commission staff's audit results inaccurately state WPSC's operating costs for the test year; rather, Sierra Club argues that the operating costs are themselves unreasonable because they are tainted by purported imprudence because of WPSC's continued operation of certain units. However, Sierra Club has failed to substantiate its claims of imprudence. It is uncontroverted in this case that the units at issue are being used to serve WPSC's customers, and that the function the units serve is useful. Rather, Sierra Club's position is that WPSC is operating the units imprudently, in that it is operating them at all. However, the record in this case does not support this position.

As a threshold matter, the Commission observes that Sierra Club's foundational premise, the units are operating uneconomically, is flawed. As explained by WPSC witness Jeff Knitter, Sierra Club's analysis contains material errors and failed to incorporate those units' actual operation costs and revenues. Additionally, the Commission further notes the Sierra Club's principal arguments and positions go well beyond the relevant inquiries for a rate case proceeding. Here, the Commission is tasked with setting a revenue requirement based on projected costs and revenues in the test year and providing utilities with the opportunity to earn a reasonable rate of return. It is beyond the scope of a rate case to engage in wide-ranging speculation about generation alternatives or potential future retirements.

For purposes of this proceeding, the Commission's analysis is limited to the relevant costs and obligations that pertain to the test year, and Sierra Club has failed to demonstrate that operating the units in the test year would be imprudent. Prudence entails "[c]arefulness, precaution, attentiveness, and good judgment, as applied to action or conduct.... This term, in the language of the law, is commonly associated with 'care' and 'diligence' and contrasted with 'negligence.' *Wisconsin Pub. Serv. Corp. v. Pub. Serv. Comm'n of Wisconsin*, 156 Wis. 2d 611, 617, 457 N.W.2d 502, 504 (Ct. App. 1990), citing Black's Law Dictionary 1104 (5th ed. 1979). Proving that a public utility's operation of one or more of its facilities is imprudent requires more than identifying overall market trends. Rather, it requires demonstrating how a public utility's operational decisions evince negligence overall.

According to Sierra Club's argument, the only prudent course of action with regard to the units in question would be to cease their operation entirely. However, given the plethora of relevant considerations involved in a retirement decision, the Commission is unconvinced. The information put forward by Sierra Club fails to show how "care" and "diligence" require shutting these units down. Most significantly, the evidence does not show that applying "care" to this decision reveals that there is a certainty that the costs involved with obtaining the energy and capacity needed to meet WPSC's service obligations would not, when paired with the costs of retirement, exceed the costs of continued operation. As a result, the record falls far short of showing that, in the test year, the costs of operating the units should be disallowed as imprudently incurred.

Accordingly, the Commission is not persuaded by Sierra Club's objection and finds, for the reasons set forth herein and the analysis provided below, as well as the robust record in support of the Settlement Agreement, that the Settlement Agreement is a fair and reasonable resolution of the docket, is supported by substantial evidence on the record as a whole, and the rates resulting therefrom are just and reasonable.

When the Commission considers a settlement agreement, nothing is diminished with respect to what parties must demonstrate in order to satisfy the public interest standard or the requirement that rates be just and reasonable. However, the settlement law clearly provides that the Commission is to make its determinations on the settlement agreement as a whole. This differs from the typical manner in which the Commission approaches setting rates, whereby the Commission individually analyzes and makes a separate determination on each component of a rate case in order to ultimately arrive upon a reasonable rate. In reviewing a settlement agreement, the Commission reviews each component of the rate case, but reviews them in tandem. In doing so, the Commission fulfills its duty to ensure that rates are just and reasonable, while simultaneously accommodating the Legislature's intent that parties be given flexibility to negotiate across all components.

The Commission is satisfied that the Settlement Agreement, when considered as a comprehensive package, strikes a balance between the diverse utility, customer, and stakeholder interests. Components of the Settlement Agreement are consistent with decisions in past rate cases for WPSC and other investor owned utilities (IOU), other settlements approved by the Commission, and the public interest policies underlying those decisions. To the extent that components of the Settlement Agreement may deviate from past Commission practice or may otherwise have been decided differently by the Commission in a contested case proceeding, the Commission finds that there is a rational basis for those deviations and reflect a give-and-take that is embodied in the settlement process. For these reasons, and the further analysis provided below, the Commission finds that the Settlement Agreement, as modified and conditioned by this Final Decision, satisfies Wis. Stat. § 196.026(7)(c). The modifications to the Settlement Agreement, and conditions of this approval are discussed more fully below.

Revenue Requirement

Electric Fuel Costs

Pursuant to Wis. Admin. Code § PSC 116.03, each of the five major Wisconsin investor-owned electric utilities must file a proposed fuel cost plan for each calendar year, known as the plan year, as part of a general rate case proceeding, or if the utility does not file a general rate case, as a proceeding limited in scope to fuel cost. This fuel cost plan must include a calculation of certain fuel costs as described in Wis. Admin. Code § PSC 116.02, as well as the other information required by Wis. Admin. Code § PSC 116.03(2). After a hearing, the Commission approves the utility's fuel cost plan and establishes the utility's rates in accordance with the approved fuel cost plan. Wis. Admin. Code § PSC 116.03(3).

The Settlement Agreement reflected a preliminary fuel cost estimate for the 2020 Fuel Cost Plan, but the 2020 Fuel Cost Plan was not among the settled issues and instead was established pursuant to the requirements of Wis. Admin. Code ch. PSC 116. The Settling Parties also agreed that the fuel costs should be subject to update, consistent with Commission practice.

The Commission finds that a reasonable estimate of WPSC's 2020 total company fuel costs (all fuel costs) for the test year is $299.623 million. The Commission finds that a reasonable estimate of WPSC's 2020 fuel cost plan year level of monitored fuel costs is $291.434 million. The test-year monitored fuel costs divided by the test-year estimate of native energy requirements of 12,641,271 MWh results in an average net monitored fuel cost of $23.05 per MWh. Appendix E shows the monthly fuel costs to be used for monitoring purposes.

It is reasonable to monitor WPSC's fuel costs using a plus or minus 2 percent bandwidth, as provided in Wis. Admin. Code § PSC 116.06(3).

Uncontested Fuel Adjustments

The Commission finds it reasonable to accept Commission staff's and WPSC's uncontested adjustments to WPSC's forecasted 2020 monitored fuel costs: 1) a $747,175 decrease in fuel costs to modify the heat rate for Oak Creek Unit 5 and Rothschild units to match historical actuals and remove oil from Fox Energy Center; 2) a $214,594 increase in fuel costs to reflect a new Wisconsin Department of Administration fee; 3) a $205,403 decrease in fuel costs for WPSC modifying its planned outage changes; 4) a $5,011,004 decrease in fuel costs to reflect a modification to the combined-cycle units to fit historical capacity factors; 5) an $11,315 decrease for WPSC's impact of Commission staff's adjustment to Elm Road Generating Station (ERGS) maximum capacity; 6) an $18,477 increase in fuel costs to reflect WPSC's impact of Commission staff's adjustment to ERGS coal blend; 7) a $2,803,281 increase in fuel costs for Commission staff's electric sales adjustment; 8) a $105,204 decrease to move demineralized water costs from monitored to non-monitored fuel costs; 9) a $298,510 increase to move SPP MISO charges from non-monitored to monitored fuel costs; 10) a $911,255 increase to move coal handling costs from monitored to non-monitored fuel costs; 11) a $1,304,277 decrease in fuel costs to reflect Commission staff's adjustment to Weston 3's chemical costs; and 12) a $771,950 decrease in fuel costs to reflect a Financial Transmission Rights Plan Year 2019-2020 update.

New York Mercantile Exchange (NYMEX) and Other Updates

Consistent with past Commission practice, the Settling Parties agreed to update the 2020 Fuel Cost Plan to reflect updated commodities (coal, natural gas, and diesel prices). Ex.-PSC-Ritsema-2 shows the impact of the uncontested adjustments since the hearing and the impact of the updated futures, market pricing new coal contracts, and updated rail contract rates. The Commission finds it reasonable to accept the uncontested adjustments identified in Ex.-PSC-Ritsema-2 to monitored fuel costs: 1) a $429,413 decrease in fuel costs to reflect the correct day of the week for January 1, 2020; 2) a $14,968 increase in WPSC fuel costs to reflect the change in ERGS coal blend for WEPCO; 3) a $7,062 reduction to reflect an update of bituminous rail contracts; 4) a $1,455 decrease in fuel costs for spot coal prices dated October 11, 2019; 5) a $909,859 decrease in fuel costs to reflect adjustments to rail contract escalation; 6) a $1,751,402 decrease in fuel costs to reflect rail fuel surcharges based on the October 2019 EIA Short-term Energy Outlook; 7) a $185,050 decrease in fuel costs to reflect coal inventories updated with October 2019 actuals and new Powder River Basin coal contracts; 8) a $7,201,692 decrease in fuel costs to reflect NYMEX natural gas and oil prices updated based on October 15, 2019, NYMEX pricing; and 9) a $10,367,972 decrease in fuel costs to reflect the impacts of a back-end update and a rail rate change.

ReACT™ Cost Overruns

WPSC included in its filing the revenue requirement associated with its estimated cost of $345 million for its ReACT™ project. The Commission approved construction of this project with an authorized cost of $275 million in its Final Decision in docket 6690-CE-197 dated April 12, 2013, subject to conditions, including a reporting requirement that "WPSC shall promptly notify the Commission as soon as it becomes aware" that increases in project costs may exceed more than 5 percent of the estimated cost at the time of approval, which was $275 million. In docket 6690-UR-124, the Commission ordered that $70 million of plant in service related to the ReACT™ project be removed from the calculation of rate base so that no costs beyond the amount approved by the Commission are included in 2016 test-year revenue requirement. The Commission found in 6690-UR-124 that until the project is placed in service, its final costs will be not be known, and it is premature for the Commission to consider recovery of any cost overruns. WPSC has deferred the carrying cost of the plant of the $70 million ReACT™ cost overrun not recovered at the weighted cost of capital and the related depreciation expense since January 1, 2016.

WPSC notified the Commission of such anticipated cost overruns in a letter dated September 20, 2013, and provided an updated economic analysis of ReACT™ compared to alternatives on January 31, 2014. The final cost estimate for ReACT™ provided to the Commission in the January 2014 letter was $345 million. The actual construction cost of ReACT™ was $342 million. In docket 6690-UR-125, recovery of and on the amount of capital expenditure in excess of the approved $289 million amount was deferred.

In this proceeding, WPSC sought recovery of the total deferred balance which totals $36,029,000 as of year-end 2019. WPSC included in its application recovery of this regulatory asset over four years which results in an amortization expense of $9,007,000 in the 2020 test year. Additionally, WPSC included in its calculation of average net investment rate base for 2020 rate making purpose the remaining, undepreciated and previously deferred cost overruns for the ReACT™ unit. WPSC explained that adding recovery of ReACT™ cost overruns and the associated regulatory asset to its revenue requirement will increase it by approximately $18 million in the 2020 test year.

Commission staff's audit extended the amortization of the ReACT™ regulatory asset from four to eight years. This adjustment reduced the amortization expense from $9,007,000 to $4,504,000, a 50 percent reduction. The Settlement Agreement included this adjustment but allowed the ReACT™ issue to remain contested. Commission staff took no position on the recovery of the cost overrun at ReACT™ beyond the aforementioned change in amortization of the regulatory asset.

The Settling Parties litigated the recovery of the ReACT™ cost overruns that were not subject to the Settlement Agreement. CUB, WIEG, and Clean engaged an expert, engineering witness, Ms. Mary Neal of BRW Associates, Inc. to review the efficacy of management for the ReACT™ project and compliance with 6690-CE-197. Based on Ms. Neal's testimony and exhibits, CUB, WIEG, and Clean argued that WPSC failed to prudently manage ReACT™ construction and costs, failed to timely notify the Commission of scope or design changes or cost overruns exceeding the 5 percent allowance, and failed to provide or maintain ordered cost accounting that each overrun was necessary and prudently incurred. For these reasons, CUB, WIEG, and Clean contended that disallowance of the ReACT™ cost overruns was appropriate and consistent with the Commission's determinations in dockets 6680-UR-117 (Bent Tree) and 4220-UR-121 (Monticello).

In response, WPSC explained that the ReACT™ project was required by the consent decree with U.S. Environmental Protection Agency (USEPA) and remained the least cost alternative for controlling multiple emissions at Weston Unit 3 at all stages of approval and construction. WPSC argued that it managed the project to a timely, safe, and under-budget completion. The updated economic analysis of ReACT™ compared to alternatives on January 31, 2014, reflected that the ReACT™ project with an expected cost of $345 million remained the least cost alternative to comply with the USEPA consent decree.

The Commission finds that the reasons for which the Commission denied recovery in the Bent Tree case are not applicable to ReACT™. In Bent Tree, Wisconsin Power and Light Company's (WP&L) failure to notify the Commission promptly of Bent Tree's change in scope frustrated the Commission's ability to audit WP&L's application for rate changes associated with acquiring the replacement power needed in light of Bent Tree's problems, and it deprived intervenors of the time needed to adequately analyze and testify on the issue. With regard to ReACT™, the timing of WPSC's reporting did not undermine the Commission's ability to maintain oversight over ReACT™ or audit its rate impacts. Nor did the timing deprive CUB, WIEG, and Clean of their opportunity to scrutinize the overruns and request action by the Commission. On the contrary, as parties to docket 6690-CE-197, these intervenors had access to the updates made by WPSC pursuant to that docket at the time they were made. Furthermore, these parties have received and made good use of the opportunity to review the cost overruns as part of this proceeding.

Any disallowance with regard to ReACT™ must then be based on finding that WPSC managed ReACT™ imprudently, and that certain costs could have been avoided through prudent management. Yet, the Commission finds that the record supports neither finding. Although the costs associated with ReACT™ increased, it remained the least-cost alternative under every analysis identified in this proceeding. Pursuing the project to its completion was therefore a prudent course of action. The prudency of this decision is reinforced by the fact that ReACT™ is currently operating and serving its intended function. Furthermore, unlike the increased costs identified by Minnesota Public Utilities Commission as having resulted from imprudency in the Monticello case, the Commission finds that the costs increases associated with ReACT™ were the unavoidable result of deploying a novel technology.

For these reasons, Commission concludes it was reasonable for WPSC to recover 100 percent of the cost overruns associated with the ReACT™ project and 100 percent of the ReACT™ regulatory asset. The Commission further finds that the ReACT™ regulatory asset should be amortized over eight years as reflected in Commission staff's audit. Recovery was deemed reasonable due to the ReACT™ remaining the lowest cost alternative as of the January 31, 2014 letter from WPSC to the Commission in order to comply with the USEPA consent decree.

Chairperson Valcq dissents and writes separately (see attached).

Federal Tax Reform – Excess Deferred Income Tax Utilization

The TCJA made significant changes to the Federal Tax Code and included changes to individual, business, and international tax provisions. Notable for WPSC and the other Wisconsin IOUs, the TCJA reduced the Federal Corporate tax rate from a maximum of 35 percent, under the existing graduated rate structure, to a flat 21 percent rate for tax years beginning after 2017. This component is often referred to as the income statement component.

WPSC and the other IOUs are also required to revalue their accumulated deferred income taxes (ADIT) based on the reduced corporate tax rate. ADIT are the results of differences between tax laws and accounting methods, and a lower corporate tax rate generally creates

EDIT. The Internal Revenue Service requires that the portion of the EDIT that is related to the use of accelerated depreciation is amortized no faster than over the life of the underlying assets. The EDIT that are subject to the amortization rules are referred to as "protected" EDIT. The rest of WPSC's EDIT are considered to be "unprotected" and may be amortized over a shorter time period or recognized immediately. This component is often referred to as the balance sheet component.

In its May 24, 2018 Order in docket 5-AF-101 (PSC REF#: 343223), the Commission ordered the IOUs to implement a line item credit to reflect the difference in rate between the 21 percent income tax rate and the old income tax rate of 35 percent. The ongoing bill credits for the income statement component were set to continue until the Commission took action for each utility either in docket 5-AF-101 or the utilities' next rate case. Consistent with this directive, WPSC implemented the bill credit for the income statement component.

The Commission's May 24, 2018 Order acknowledged that additional analysis as to how to handle the balance sheet component was necessary before it could fully address the return of all savings resulting from this component to customers. The Commission did take interim steps for WPSC and directed that a portion of its savings from the balance sheet component be applied to offset existing deferred balances specified in the Order and that a portion be returned to customers in the form of a bill credit. The Commission directed that the calculation of the amount of the balance sheet component savings returned to customers pursuant to that order shall be subject to true-up, review and audit. The Commission also directed that WPSC and the other IOUs continue to work with Commission staff to evaluate the impacts of the balance sheet component, continue deferrals for any income statement savings or balance sheet savings that were not addressed in the Commission's May 24, 2018 Order, until further Commission action in docket 5-AF-100 or in a future rate case.

In this proceeding, the base rates have been re-set at the new, lower tax rate which therefore eliminates the need for the on-going bill credit for the income statement component that was directed in docket 5-AF-101. WPSC provided updated calculations as to the balance sheet component savings as part of its application which were reviewed by Commission staff as part of its audit. Pursuant to the Settlement Agreement, it was agreed that the remaining balance sheet component savings would be returned to customers in 2020 and 2021 in the form of a bill credit.

WPSC calculated that as of December 31, 2019, it had $55,154,000 of unprotected EDIT savings associated with its electric plant available to be returned to its Wisconsin retail electric customers. Additionally, WPSC calculated it had $3,000,000 of unprotected EDIT costs associated with retirement of the Pulliam, Edgewater, and Lincoln units, and these costs are associated with the reduced tax benefit from the cost of removal deduction. Commission staff's audit resulted in WPSC utilizing $3,000,000 of the unprotected EDIT savings to offset the $3,000,000 EDIT costs associated Pulliam, Edgewater, and Lincoln retirements, and then include a negative amortization expense of $12,121,000. In 2021, WPSC included a $40,034,000 negative amortization expense to fully utilize WPSC's known unprotected EDIT for the Wisconsin retail electric utility. The elevated unprotected EDIT utilization allowed WPSC to mitigate $27.67 million of increased revenue requirement from solar projects coming online at the end 2020 and allow for the single 2020 test year rate increase.

WPSC calculated that as of December 31, 2019, it had $21,084,000 of unprotected EDIT savings associated with its natural gas plant available to be returned to its natural gas customers.

Commission staff's audit determined that WPSC gas operations would return the unprotected EDIT balances over a four-year period beginning January 1, 2020 and ending December 31, 2023, with an annual negative amortization expense of $5,271,000.

The Settlement Agreement resulted in the electric retail and natural gas EDIT balances being utilized in the same amounts as prescribed in Commission staff's audit; however, WPSC will utilize volumetric ($/kWh or $/therm) bill credits rather than the base rate recovery method proposed in Commission staff's audit. As required in docket 5-AF-101, these volumetric bill credits will be subject to true-up in Commission staff's annual true-up of credits.

The Commission finds that the calculation and utilization of the tax savings from the TCJA as described in the Settlement Agreement is reasonable. The use of the tax benefits in this manner provides an immediate and tangible benefit to WPSC's customers. Using the true-up process established in docket 5-AF-101 to track these credits will ensure accuracy.

Deferred 2018 Earnings Sharing

WPSC had its earnings sharing mechanism approved in docket 6690-UR-125, which required WPSC to share 50 percent of the first 50 basis points of earnings, as calculated under Wis. Admin Code ch. PSC 116, above the 10 percent, then authorized, ROE for WPSC and share 100 percent of the earnings in excess of 50 basis points with its customers. Additionally, WPSC was to implement its earnings sharing mechanism through a bill credit. WPSC determined that its 2018 Wisconsin retail electric operations resulted in $21,444,000 deferred earnings as of 2019 year-end to be returned to customers. Commission staff's audit determined this deferred balance should be returned as $10,722,000 in 2020 and $10,722,000 negative amortization expenses and included in base rates. The Settlement Agreement maintained that WPSC shall amortize the deferred 2018 revenue sharing balances as $10,722,000 in 2020 and $10,722,000 in 2021; however, the balances shall be returned as volumetric ($/kWh) bill credits. These bill credits should be trued-up in WPSC's next rate proceeding.

The Commission finds that the calculation and utilization of the 2018 revenue sharing balance in the Settlement Agreement is reasonable. The use of the revenue sharing benefits in this manner provides an immediate and tangible benefit to WPSC's customers. Using the true-up process in WPSC's next rate proceeding will ensure accuracy.

2018 Fuel Over-Collected Monitored Fuel Costs

In its application, WPSC included the $7,171,000 of over-collected 2018 monitored fuel costs as bill credits in the calculation of its 2020 test-year revenue requirement. In the Commission's reconciliation of actual monitored fuel costs to the approved 2018 Fuel Cost Plan, the Commission directed WPSC to return these over-collected balances as a $0.00876 per kWh bill credit during September 2019. (PSC REF#: 373698.) Accordingly, the $7,171,000 of bill credits for the 2020 test year was removed from the calculation of the 2020 test-year revenue requirement in the Settlement Agreement. (PSC REF#: 375091.)

Bluewater Gas Storage Reservation Charges

WPSC requested in its application the recovery of reservations charges for the Bluewater Firm Storage Agreements (Agreements) via the PGAC. WPSC explained that recovery via PGAC provides a balance of risk between customers and shareholders as unanticipated revenue streams are included in the PGAC, which accrues to the benefit of customers. Also, prudently-incurred, unanticipated costs will be recovered on a timely basis via the PGAC, which reduces some of the operational risk.

Commission staff's audit moved the Bluewater reservation change recovery for WPSC from the PGAC to base rate recovery consistent with the Commission's Final Decision in docket 5-DR-112.[8] Commission staff also moved the costs associated with the Agreements to gas storage FERC accounts for recovery via base rates also consistent with the Commission's Final Decision in docket 5-DR-112.

Commission staff and WPSC agreed that escrow accounting treatment would be an appropriate alternative to provide a similar sharing scheme as the PGAC for the associated risks and benefits. Unanticipated revenues or prudently incurred costs could be recovered thru the regulatory asset or liability created in the escrow accounting authorization. While escrow creates an increased regulatory lag for the incremental revenues and costs to be recovered as compared to the PGAC, this lag is prudent given the novelty of the matter. Since this is the first time recovery of these reservation charges has been subject to rate review, escrow accounting would provide WPSC and Commission staff the opportunity to review the performance of the Agreements. In the absence of escrow accounting treatment, the risk of unanticipated costs and the benefit of incremental revenues would transfer solely to shareholders.

The Settlement Agreement included the recovery of the reservation charges under Agreements via base rates in the FERC gas storage accounts. Furthermore, Ex.-WPSC-Zgonc-6r reflects these accounts being subject to escrow accounting with Commission staff's assumed expenses being deferred and amortized in the 2020 test year. The recovery of costs associated with the Agreements via base rates will require a formal amendment to the cost of gas authorized

[8] Final Decision, *Application of Wisconsin Electric Power Company, Wisconsin Gas LLC, and Wisconsin Public Service Corporation for Declaratory Ruling and Approval Regarding Long-Term Natural Gas Storage and Transportation Arrangements*, docket 5-DR-112 (Wis. PSC Jun. 29, 2017) (PSC REF#: 326817).

in 6690-GP-2019 to exclude costs associated with the Agreements from PGAC. The gas rates in appendices D and E of this Final Decision include the costs in WPSC's base gas rates beginning January 1, 2020.

The Commission concludes that both the movement of the costs associated with the Agreements out of the PGAC consistent with Commission Staff's audit and the use of escrow accounting is reasonable because base rate recovery is consistent with the Commission's Final Decision in docket 5-DR-112 and escrow treatment provides similar risk and benefit sharing as PGAC cost recovery treatment.

Other Accepted Commission Staff Adjustments to Revenue Requirement

The Settlement Agreement accepted the vast majority of the Commission staff's post audit revenue requirement adjustments. The Commission finds those adjustments to be reasonable. Below, some of these adjustments are described in greater detail.

Industry Associations Dues

The Commission allows the recovery of association dues, to the extent that the activities of an association provide a benefit to customers. Certain activities, such as lobbying and advertising, generally do not provide a benefit to customers. To the extent that the amount of dues that provide a benefit to customers cannot be determined with precision, Commission staff apply to association dues a recovery percentage that is intended to generally reflect the portion of activities of an association that are considered to provide a benefit to ratepayers. The table below shows the recovery percentages that Commission staff use for specific associations and categories of associations:

Association	Recovery Percentage
American Gas Association	50%
Atomic Industrial Forum	0%
American Public Power Association	75%
Committee for Energy Awareness	0%
Wisconsin State Telecommunications Association	90 %
Chambers of Commerce and Other Groups of this Type	0%
Edison Electric Institute	50%
EEI "U Groups"	50%
Electric Power Research Institute	100%
Gas Research Institute	100%
Municipal Electric Utilities of Wisconsin	75%
National Hydropower Association	75%
North Central Electrical League	75%
Upper Midwest Municipal Power Group	75%
Wisconsin Utilities Association	50%
Western Wisconsin Municipal Power Group	75%

Commission staff applied the historical recovery percentage authorized for various dues and memberships to arrive at the adjustments included in the Settlement Agreement. The table below provide the calculations for the industry association dues adjustments to Account 930.2.

Wisconsin Public Service Corporation

	As Filed	Commission Recovery Rates	Commission Staff Allowed Recovery
American Gas Association	$109,835	50%	$54,918
Edison Electric Institute	$354,426	50%	$177,213
Total	$464,261		$232,131

The Commission determined these adjustments were reasonable in the context of the Settlement Agreement.

Conservation Budget and Escrow

The reasonable level of expensed conservation costs recoverable in rates for the 2020 test year is $5,483,000 for electric operations and $5,411,000 for natural gas operations. The electric utility operations consists of forecasted conservation expenditures of $13,753,000 less negative amortization expense for underspent amount of $8,270,000. The level for natural gas operations consists of forecasted conservation expenditures of $4,879,000 amortization expense for overspent amount of $532,000. It is reasonable to direct WPSC to record these expense amounts annually until they are superseded by a Commission order authorizing new conservation escrow accruals.

Farm Rewiring Budget and Escrow

The reasonable level of farm rewiring escrow expense recoverable in rates for the 2020 test year is $976,000, which is comprised of $800,000 of estimated farm rewiring expenditures plus amortization of the overspent amount of $176,000. It is reasonable to direct WPSC to record these expense amounts annually until they are superseded by a Commission order authorizing a new farm rewiring escrow accrual.

Uncollectible Accounts Escrow

WPSC requested, on behalf of the electric and the gas utilities, escrow accounting treatment for bad debt expense. The requested escrow accounting treatment would be identical to that currently in place for WEPCO's retail electric operations and natural gas operations. This escrow would ensure that over time, WPSC will recover only the proper amounts of costs associated with uncollectable accounts through its rates. Commission staff views this uniform treatment across the utilities as reasonable during its audit. Commission staff's audit resulted in a reasonable estimate of escrowed uncollectible accounts expense for WPSC's electric utility of $4,214,000 and for WPSC's natural gas utility of $2,111,000.

The Commission determines that escrow accounting treatment for uncollectable accounts expense is reasonable.

Revenue Sharing Mechanism

The Settlement Agreement includes a modification to the revenue/earnings sharing mechanism (RSM) for 2020 and 2021, under which WPSC retains all earnings if the ROE is between 10.00 and 10.25 percent. WPSC will return to customers an amount equal to 50 percent of earnings between 10.25 and 10.75 percent ROE. Finally, WPSC will return to customers 100 percent of earnings greater than 10.75 percent ROE.

The Settlement Agreement continues calculating the ROE and the measurement of earnings for RSM in the same manner as earnings defined by "Excess revenues" in Wis. Admin. Code. ch. PSC 116 (Fuel Rules ROE) as opposed to doing the calculation on a regulatory basis as was previously authorized.

The Commission finds that it is reasonable to continue the RSM as modified by the Settlement Agreement. The mechanism protects customers from paying excessive rates that would be unreasonable, while still providing shareholders the opportunity to earn a reasonable return on their investment.

Deferrals and Amortizations

Pension Settlement Accounting

WPSC included in the revenue requirement expenses it deferred relating to pension settlement impacts. WPSC contended that the Commission's October 29, 1992 decision in docket 5-UI-104 provided authorization for that deferral. Therein, the Commission stated, "any curtailment gain or loss is to be deferred and amortized for ratemaking purposes over the remaining years of service of plan participants active at the time of curtailment or some other time period to be ordered by the Commission based on specific circumstances."

Typically, the Commission reviews and authorizes deferral requests on a case-by-case basis in the year in which the expenses are incurred, and the inclusion of an open-ended deferral is outside of the normal Commission practice. It is unclear what the Commission's intent was more than 20 years ago when it issued its 1992 Order. WPSC interpreted it as authorizing an open-ended deferral. The Commission finds that reading, while not consistent with current Commission practice, is not unreasonable. Accordingly, the Commission concludes that it is appropriate to include the impacts of settlement accounting in the revenue requirement consistent with the Settlement Agreement for purposes of this rate case.

However, as such treatment is atypical, the Commission determines that WPSC authority to create regulatory assets or liabilities related to pension settlement accounting will expire on December 31, 2021. Beginning, on January 1, 2022, WPSC shall request deferral accounting treatment consistent with Commission staff policy statement 94-01 for deferral accounting treatment of pension settlements.

Regulatory Amortizations

The annual expense amounts itemized in Appendix F shall be recorded for all items listed for 2020 and 2021 or until the Commission authorizes a different amortization expense to be recorded.

Summary of Operating Income Statements at Present Rates

In addition to the findings regarding the specific items discussed in this Final Decision, all other uncontested Commission staff adjustments to WPSC's filed electric and natural gas operating income statements are appropriate. Accordingly, the estimated WPSC electric and natural gas operating income statements at present rates for the 2020 test year, which were included in the Settlement Agreement and the Commission finds reasonable for the purpose of determining the revenue requirements in this proceeding, are as follows:

	WPS Electric	WPS Wisconsin Electric Jur	WPS Gas
Revenue:			
Utility Sales	1,115,418	991,578	302,842
Opportunity Sales	25,642	21,433	-
Other Operating Revenue	20,517	19,504	2,658
Total Operating Revenue	1,161,577	1,032,515	305,500
Operating and Maintenance Expense:			
Fuel	182,390	154,325	-
Purchased Power	160,930	133,794	-
Purchased Gas	-		164,200
Other Production	69,328	59,253	-
Manufact. Gas Production	-		4,243
Gas Supply	-		513
Gas Storage	-		9,809
Valley Steam Generation Transfer	-		-
Transmission	162,415	147,735	-
Distribution	34,476	34,476	21,810
Customer Accounts	14,615	14,615	8,649
Customer Service	11,153	11,044	8,818
Sales Expense	(0)	(0)	0
Administrative and General	57,862	52,441	13,704
Total O&M Expense	693,171	607,682	231,746
Depr, Decomm,&Amort	149,791	135,371	24,265
Regulatory Debits and Credits	33,673	29,416	-
Taxes Other Than Income Taxes	42,206	39,579	4,082
Regulatory Tax Items	-	-	-
Federal Income Tax	(76,425)	(65,741)	861
State Income Taxes	(1,368)	(1,370)	(65)
Deferred Income Taxes	33,860	30,938	3,515
Investment Tax Credits	80,320	73,349	(41)
Total Operating Expenses	955,227	849,223	264,363
Net Operating Income	206,350	183,293	41,137

Net Investment Rate Base

Summary of Average Net Investment Rate Base

In addition to the findings regarding the specific items discussed in this Final Decision, all other uncontested Commission staff adjustments to WPSC's filed electric and natural gas rate bases are appropriate. Accordingly, the estimated WPSC electric and natural gas average net investment rate bases for the 2020 test year, which were included in the Settlement Agreement and the Commission finds reasonable for the purpose of determining the revenue requirements in this proceeding, are as follows:

	WPS Electric	WPS Wisconsin Electric Jur	WPS Gas
Plant	5,107,228	4,667,615	1,076,701
Accum Depr	(1,640,122)	(1,484,900)	(334,851)
Net Plant	3,467,106	3,182,715	741,851
Fossil Fuel Inventory	39,447	32,972	-
Gas Storage	-	-	17,446
Materials and Supplies Inventory	41,039	37,506	7,741
Deferred Income Taxes	(728,087)	(667,700)	(180,949)
Customer Advances	(15,977)	(15,977)	(4,564)
Average Net Investment Rate Base	2,803,527	2,569,516	581,525

Financial Capital Structure and Dividend Restriction

Assessing the reasonableness of WPSC's capital structure depends upon three important principles. First, capital structure decisions must be based on WPSC's needs, not on the needs of the non-utility operations of the holding company. Second, the capital structure should provide adequate flexibility for WPSC and the Commission to allow proper utility investment now and in the future. Third, it should support a dividend policy comparable to peer utility dividend practices as long as WPSC's common equity ratio does not decline below the approved target level.

Generally, under Wis. Stat. § 196.795, the utility's capital needs must take precedence over non-utility needs if ratepayers are to be protected. The identification of utility needs goes beyond foreseeable needs. WPSC must have flexibility to finance both foreseen and unforeseen capital requirements.

In docket 6690-UR-124, the Commission concluded that an appropriate target level for WPSC's test-year average common equity measured on a financial basis was 51.0 percent. Commission staff's audit used an authorized equity layer of 51.0 percent in this proceeding. The Settlement Agreement stipulated that an appropriate target level for the test-year average common equity for WPSC is 52.50 percent, measured on a financial basis, within a long-term range of 50.00 percent to 55.00 percent. The test-year average common equity ratio of 52.50 percent, on a financial basis, and the adjustment of the long-term range to between 50.00 percent and 55.00 percent is reasonable primarily due to the stress applied to WPSC's cash flow metrics due the TCJA.

Off-balance-sheet financial obligations such as power purchase agreements and operating leases are viewed within the financial community as debt equivalents, which affect the borrowing power of the utility. Recognizing that off-balance-sheet obligations (OBO) affect the financial risks and credit ratings of the utility, the Commission includes imputed debt associated with OBO in calculating the financial capital structure.[9] The imputed debt results in additional costs to ratepayers, because additional common equity is included in the regulatory capital structure to maintain the utility's target equity level from a credit perspective. If common equity

[9] Imputing debt for off-balance-sheet obligations is not a common practice of other state utility commissions. The Commission is not obligated to adopt the risk assessment of an outside rating agency and will independently examine off balance sheet obligations, based on its assessment of risk.

is not added to restore the capitalization to its prior proportions, the cost of capital will be unaffected but the financial leverage will increase and have a negative impact on the credit ratings of the utility. However, if additional common equity is added to restore the financial capital structure ratios, the financial leverage and credit ratings of the utility will remain the same and the cost of capital is increased.

In calculating capital structure, on a financial basis, the Commission has imputed debt associated with obligations not reported on balance sheets. Detailed information regarding all off-balance sheet obligations for which the financial markets will calculate debt equivalent is necessary for the Commission to make an independent judgment regarding WPSC's financial capital structure. This information is most readily available from WPSC and shall be provided as part of its next rate case or rate case settlement proceeding. The information shall include, at a minimum, all of the following information:

1. The minimum annual lease and PPA obligations.
2. The method of calculation along with the calculated amount of the debt equivalent.
3. Supporting documentation, including all reports, correspondence, and any other justification that clearly established Standard & Poor's (S&P) and other major credit rating agencies' determination of the off-balance sheet debt equivalent to the extent available, and publicly available documentations when S&P and other major credit rating agencies' documentation is not available.

For the test year, the Commission finds it reasonable to impute $24,463,000 of debt equivalence for OBO, which includes $18,391,000 related to PPAs and $6,072,000 related to operating leases. Incorporating the debt equivalences for OBO and other Commission determinations, WPSC's financial capital structure for the test year will consist of 52.50 percent common equity, 42.74 percent long-term debt, 4.13 percent short-term debt, and 0.63 percent debt equivalence for OBO.

The Commission recognizes the need to protect ratepayers and to ensure that utility needs are placed before non-utility needs in capital structure and dividend policy choices. It is reasonable that WPSC's dividend restriction shall match the dividend restrictions of the other Wisconsin jurisdictional operating utilities within the WEC holding company. WPSC shall not pay dividends in excess of the amount forecasted in this proceeding if such dividends cause the average annual common equity ratio, on a financial basis, to fall below the test-year authorized level of 52.50 percent. WPSC shall not pay a special dividend in excess of the forecasted dividends at the end of the year unless the additional payment does not reduce the average annual common equity ratio, on a financial basis, below the forecasted level of 52.50 percent.

Regulatory Capital Structure and Cost of Capital

As in the previous rate case docket, in order to arrive at the common equity amount for WPSC's regulatory capital structure, Commission staff deducted from booked common equity the value of net goodwill, key man life insurance, and non-utility properties. Incorporating these adjustments, the Commission finds it reasonable to authorize a rate making capital structure for the purposes of establishing just and reasonable rates for the test year consisting of 51.96 percent common equity, 43.80 percent long-term debt, and 4.24 percent short-term debt.

Long-Term Debt

As set forth under the terms of the Settlement Agreement, a reasonable estimate for WPSC's embedded cost of long-term debt for the test year is 4.36 percent.

Short-Term Debt

As set forth under the terms of the Settlement Agreement, a reasonable estimate of WPSC's average cost of short-term debt for the test year is 2.73 percent.

Return on Common Equity

The principal factor used to determine the appropriate return on equity is the investors' required return. Authorized returns of less than the investors' required return would fail to compensate capital providers for the risks they face when providing funds to the utility. Such sub-par returns would make it difficult for a utility to raise capital on an ongoing basis. On the other hand, authorized returns that exceed the investors' required return would provide windfalls to utility investors as they would receive returns that are in excess of the necessary level. Such high returns would be unfair to utility consumers who ultimately pay for those returns. In reaching its determination as to the appropriate return on equity, the Commission must balance the needs of investors with the needs of consumers, with due considerations to economic and financial conditions, along with public policy considerations.

In its application in this proceeding, WPSC proposed an ROE of 10.35 percent, which compares to 10.00 percent authorized in docket 6690-UR-124 and reaffirmed in docket 6690-UR-125. Under the terms of the Settlement Agreement, the revenue requirements of WPSC are based on an ROE of 10.00 percent. The approximate revenue impact for each 10 basis points is approximately $1.94 million for electric and $438,000 for natural gas.

The Commission finds that an authorized return on common equity of 10.00 percent, as set forth under the terms of the Settlement Agreement, strikes a reasonable balance between the needs of investors with the needs of consumers. Accordingly, the average utility capitalization ratios, annual cost rates, and the composite cost of capital rate considered reasonable and just for setting rates for the test year are as follows:

	Amount	Percent	Annual Cost Rate	Weighted Cost
Utility Common Equity	$1,966,896,000	51.96%	10.00%	5.20%
Long-Term Debt	$1,657,954,000	43.80%	4.36%	1.91%
Short-Term Debt	$160,402,000	4.24%	2.73%	0.12%
Total Utility Capital	$3,785,251,000	100.00%		7.22%

The weighted average cost of capital of 7.22 percent is reasonable for WPSC for the test year. It generates an economic cost of capital of 9.17 percent, and a pre-tax interest coverage ratio of 4.52 times.

Ten-Year Financial Forecast

WPSC's 10-year financial forecast is useful to the Commission and shall be submitted in future rate cases. The 10-year forecast can be combined with other business risk information to assess capital structure needs and rate of return requirements.

Rate of Return on Rate Base

The 7.22 percent composite cost of capital must be translated into a rate of return that can then be applied to the average net investment rate base and used to compute the overall return requirement in dollars. The estimate of WPSC's average net investment rate base plus Construction Work in Progress (CWIP) for the test year is 95.69 percent of capital applicable primarily to utility operations plus deferred investment tax credits. This estimate reflects all appropriate Commission adjustments and is a reasonable and just factor for use in translating the composite cost of capital into a return requirement applicable to the average net investment rate base.

To allow a test-year current return on the average CWIP balance not accruing AFUDC at 100 percent, an adjustment must be added to the return on net investment rate base. Given WPSC's financing and cash flow requirements in the test year and the forecasted amount of construction activity, the Commission finds it reasonable to allow a current return on 50 percent of CWIP that is not accruing 100 percent AFUDC for the test year.

Accordingly, the Commission finds that the rates of return on average Wisconsin retail electric and natural gas net investment rate bases, which are reasonable for the purpose of determining just and reasonable rates in this proceeding, are as follows:

	WPS Electric	WPS Gas
Cost of Capital	7.22%	7.22%
Average Percent of Utility Investment Rate Base plus CWIP to Capital Applicable Primarily to Utility Operations	95.69%	95.69%
Adjusted Cost of Capital to Derive Percent Return Requirement Applicable to Net Investment Rate Base (AFUDC Rate)	7.55%	7.55%
Total Average CWIP Balances ($000)	199,317	11,296
Percent of CWIP Receiving Current Return	5.92%	45.66%
Amount of CWIP Receiving Current Return ($000)	11,800	5,158
Current Earnings on CWIP Receiving Current Return at the Adjusted Cost of Capital	891	389
Average Net Investment Rate Base	2,803,527	581,525
Adjustment to Required Return to Provide a Return on CWIP	0.03%	0.07%
Earnings on Reg Items at specified rate	1	0.00
Regulatory items at specified rate	0.00%	0.00%
Adjusted Return Requirement on Utility Net Investment Rate Base	7.58%	7.61%

Calculation of Revenue Deficiencies

On the basis of the findings in this Final Decision, a $15,764,000 increase in Wisconsin retail electric utility revenues and a $4,323,000 increase in Wisconsin natural gas utility revenues are reasonable for the purpose of determining reasonable and just rates in this proceeding and are computed as follows:

	Electric	Natural Gas
Pro Forma Return on Average Net Investment Rate Base at Present Rates	7.13%	7.07%
Required Return on Average Net Investment Rate Base	7.58%	7.61%
Earnings Deficiency (Excess) as percent of Average Net Investment Rate Base	0.45%	0.54%
Average Net Investment Rate Base (000's)	$2,569,516	$581,525
Amount of Earnings Deficiency (Excess) on Average Net Investment Rate Base (000's)	$11,470	$3,145
Revenue Deficiency (Excess) to Provide for Earnings Deficiency Plus Federal and State Income Taxes (000's)	$15,764	$4,323

Electric Cost of Service and Rates

Electric Cost of Service

With its rate case application, WPSC proposed a COSS model that uses WPSC-preferred assumptions for COSS. Commission staff also received input from customer advocate parties WIEG, which represents large energy users, and CUB, which represents residential and small commercial customers in Commission proceedings. Input from these two parties formed the WIEG-preferred and CUB-preferred models. Additionally, Commission staff requested WPSC to perform modeling for a scenario that considers the coincident peaks of all 12 calendar months (12CP), and a scenario that considers only the coincident peaks for the months of June, July, August, and September (4CP) when utility system peaks are at their highest.

The WPSC base case model contains a set of WPSC-preferred variables that it has historically used in proceedings before the Commission. The WIEG- and CUB-preferred models utilize assumptions that yield results more favorable to the members that they represent. The 12CP model incorporates the assumption that a utility builds generation to meet year-round energy requirements of its customers, and allocates 100 percent of the production plant costs to demand. The 4CP model puts more weight on the peak demand needs of a system during the summer when monthly coincident peaks are at the highest, and allocates 60 percent of production plant costs to demand and 40 percent to energy. Besides coincident peak assumptions described above, the 12CP and 4CP models tweak other WPSC-preferred model assumptions in order to show a variety of approaches that can be taken in COSS. These models do not exhaust all COSS possibilities, but set reasonable bookend perspectives and associated results, with various scenarios and results in between.

No consensus was reached by the Parties over the course of this proceeding regarding COSS methodologies. The Commission’s long standing practice is to consider the results of several COSS for the purposes of allocating test-year revenue responsibility. The evidence in this proceeding supports a continuation of this practice. The Commission finds it reasonable to consider the results of all cost-of-service studies in the record for the purposes of class revenue requirement allocation.

Electric Revenue Allocation

WPSC proposed an electric revenue allocation for the 2020 test year that includes above average increases for the residential and large commercial/industrial classes, slight increases for medium commercial, decreases for lighting classes, and no increases for small commercial classes. Commission staff proposed an alternative electric revenue allocation for the 2020 test year that has a narrower range of increases and decreases. This includes above average increases for the residential classes and most of the large commercial/industrial classes, slight increases for the medium commercial classes, decreases for lighting classes, and no increases for the small commercial classes. CUB and WIEG jointly proposed an electric revenue allocation for the 2020 test year that is a uniform increase for all classes.

Consistent with the determinations the Commission has made in previous rate proceedings, the Commission finds that it is useful to take into account the results of a number of different cost of service studies in addition to other factors such as rate stability and bill impacts when making a determination on class revenue allocation in this case. The Commission finds that the electric revenue allocations for 2020 and 2021 as proposed by Commission staff shown in Appendix B are reasonable.

Rate Design

Settled Rate Design Issues

The Settlement Agreement included provisions relating to certain rate design issues including the following:

- WPSC agreed to maintain residential and small commercial customer electric and natural customer fixed charges at currently authorized rates for 2020 and 2021.

- WPSC agreed to work with WIEG and CUB on new rates or other innovative utility programs targeted at industrial, residential and small commercial customers, respectively.

- To potentially inform future rate design discussions, WPSC agreed to provide to CUB, prior to WPSC's next rate case proceeding, the results of a detailed household burden index analysis which will evaluate residential electric and natural gas utility customers' bills as a percentage of household income. This analysis shall be conducted with a county-by-county level of resolution or better.

- o WPSC and the Settling Parties agreed to maintain the status quo, through the end of 2021, for real time pricing tariffs and programs, NLMP and RTMP, as authorized in 6690-UR-124 and 6690-TE-105 consistent with the Settlement Agreement. No party proposed any changes to the real time pricing tariffs in this proceeding.

- o NLMP and other Tariff Clean-Up. The CBL used to determine the portion of a customer's load that can be subject to the NLMP tariff for energy and/or billing demands, as defined in the tariff, may be permanently decreased when the customer reduces its load through the implementation of energy efficiency, conservation, or process improvement measures, or via the installation of new equipment (i.e. behind the meter generation) as to remove a disincentive for undertaking these activities.

The Commission concludes that these rate design components of the Settlement Agreement are reasonable, and looks forward to reviewing any proposed new rate designs that result from these discussions.

While not part of the Settlement Agreement that was filed, WPSC also worked with Walmart and Roundy's to address their concerns relating to the Cg-20 tariff and agreed to increase demand charges and decrease energy charges. The Commission finds that increasing the demand charges and decreasing energy charges for the Cg-20 tariff as proposed, is reasonable as the changes bring the Cg-20 customer class closer to cost of service.

Overall Rate Design

WPSC proposed an electric rate design that held customer charges constant for residential and small commercial, with changes to energy charges and demand charges to reflect WPSC's base COSS model results for both revenue allocation and rate design. Commission staff used the same rate design structure proposed by WPSC, and made changes only to energy charges to reflect the Commission staff revenue allocation described above. No other parties proposed a complete rate design for all customer classes.

The Commission finds that the rate design proposed by Commission staff is reasonable. The authorized rates appear in Appendix B. The Commission also discussed the impacts of final fuel adjustments on rate design, and finds that embedding the fuel cost savings in base energy charges on a per kWh basis is reasonable.

Electric Rate and Rule Tariff Language Changes

WPSC's Proposed Residential Electric Vehicle Program

As part of its application, WPSC proposed an incentive program for its residential customers who own plug-in electric vehicles (PEV) to purchase and install their own at-home chargers. The proposed program would have offered up to a $1,000 incentive per customer to install a charger that meets electrical certifications and standards, and would have required the participating customer to enroll in one of WPSC's time-of-use rates in order to charge the vehicle at home. Commission staff and intervenors submitted testimony regarding the costs and benefits of the program, as well as additional criteria and reporting requirements for the REV program.

The Commission is not convinced that the proposed REV program is reasonable as proposed. Electric vehicles, and the appropriate role of utility Commissions, is a hot topic in the industry. The Commission has an open generic docket, docket 5-EI-156, where this, and other related issues are being examined. The Commission applauds WPSC's initiative in coming forward with this proposed program, but further work and analysis is required. While there were components of the program that are appealing to the Commission (such as a time-of-use rates), other components are not as developed and lack supporting record evidence. In particular, the Commission finds that there was insufficient record evidence as to the basis for the incentive amount proposed. The record included two sources of information, but those sources only included nationwide averages. Without more Wisconsin-specific cost data, the Commission is not convinced that the incentive amount as proposed, or even Commission staff's proposed revisions thereto, is reasonable. Accordingly, WPSC's request for authorization of the REV pilot program is denied, without prejudice.

Chairperson Valcq dissented, and would have accepted the REV program with modifications and reporting requirements.

Parallel Generation Buyback Rates

In direct testimony, Commission staff presented an alternative methodology for determining WPSC's avoided capacity buyback rates for the utility's parallel generation (PG-2A and PG-2B) tariffs. RENEW and Sierra Club proposed that the Cost-of-New-Entry (CONE) method be used to determine capacity values. WPSC proposed that there was insufficient evidence in this case to suggest an alternative methodology, and that current reference to the Midcontinent Independent System Operator (MISO) clearing price for the PRA remains appropriate.

Reference to the MISO PRA has been approved for several WPSC rate cases, as well as for other electric utilities in Wisconsin. Both WPSC and Commission staff stated in rebuttal testimony that there was likely insufficient information in the record to conclude whether a different methodology or value should be used for avoided capacity costs. The Commission agrees, and concludes that the record is insufficient to warrant any changes to the avoided capacity rate. Additionally, the Commission was not convinced that a Commission investigation into this issue is appropriate at this time.

Chairperson Valcq dissented, and would have supported the reference of CONE, as well as opening a Commission investigation into avoided capacity costs used across the state.

WPSC's Naturewise Program

In direct testimony, Commission staff proposed that WPSC be required to list renewable resources used for its Naturewise program, and that WPSC submit a new cost analysis with its next rate case with suggested criteria. The Commission finds that WPSC shall work with Commission staff to perform a new analysis before its next rate case, and to list renewable resources used for the program with its next rate case application.

Other Tariff Changes

The Commission finds that the uncontested issues to eliminate WPSC's programs for Controlled Water Heating Service, Next Day Pricing, and Cp-I2 Interruptible Market Bid Option, and to make proposed changes to its extension allowances to be reasonable. The Commission also finds that the uncontested issue for WPSC to work with Commission staff on with issues pertaining to budget billing to be reasonable.

Natural Gas Cost-of-Service and Rates

Revenue Recovery Adequacy of Service Class Rates

WPSC and Commission staff prepared comprehensive revenue allocation and rate design proposals. While CUB and WIEG did not prepare a COSS or a comprehensive rate design, they contributed to the cost-of-service, revenue allocation, and rate design discussion contained in the record. CUB and WIEG settled upon an agreed across-the-board rate increase.

Overall, the rates authorized for WPSC in Appendix C of this Final Decision will provide a 7.61 percent rate of return on the average gas net investment rate base. This represents an increase of 6.96 percent in margin rates and a 3.19 percent in total natural gas sales revenues excluding the impacts of EDIT bill credits, as authorized herein. Margin rates exclude natural gas costs from the increase calculations.

Authorized rates for WPSC as set forth in Appendix C are based on the cost of supplying natural gas service to the various service rate classes and other rate setting goals. A summary of the revenue rate impacts on a service rate class is shown in Appendix C.

Appendix C also shows some typical WPS natural gas bills for residential service, comparing existing rates with new rates including the cost of natural gas.

The natural gas COSS results in a relatively wide range of changes in the charges to the various WPSC service rate classes. The percentage rate change to any individual customer will not necessarily equal the overall percentage change to the associated service rate class, but will depend on the specific usage level of the customer.

The Commission concludes that the natural gas revenue allocation and natural gas rate design for WPSC natural gas, as adjusted for the final revenue requirement, are reasonable.

Natural Gas Rate and Rule Tariff Changes

WPSC proposed the following tariff changes:

- Creating a new customer class for the largest commercial and industrial customers, with a rate design that is substantially fixed charges, effective January 1, 2021.
- Aligning the annual rate review process across WEC’s Wisconsin natural gas utilities.
- Removing the fixed charge from the Contracted Service Rate tariff.
- Removing peak day backup and annual supply backup from the gas transportation service tariff.

- Creating a new peak day backup charge to differentiate firm sales customers from interruptible customers.
- Changing the purchased gas cost adjustment clause to provide consistency among WEC's Wisconsin natural gas utilities.
- Removing the transportation choice tariff service from WPSC's tariff book.
- Modifying the btu range for the GSD tariff schedule.
- Administrative changes for minimum payment options, budget billing availability, and unhonored checks.

The Commission determines that the tariff modifications listed above are reasonable.

Conditions on Approval of Settlement Agreement

Based on the recommendations from Commission staff, the Commission concludes that it is reasonable to condition the Commission's approval of the Settlement Agreement, pursuant to its authority under Wis. Stat. §§ 196.026(8) and 196.395, upon the following:

1) With regard to the provisions relating to generation planning, the cost benefit analysis shall include "the remaining investment costs from the plant to be retired," along with the existing specification to include the impact of replacement power cost.

2) WPSC's retirement proposals shall be submitted to the Commission and Commission staff.

3) The results of MISO Y2 analyses shall be shared with Commission staff as well as the settling parties.

On October 31, 2019, the Commission issued on Order to Reopen the Record and Request for Comments (PSC REF#: 378562) requesting clarification from the Settling Parties on 1) the timing of when WPSC would provide copies of proposals with the Commission relating to retirement of plants pursuant to the Settlement Agreement; and 2) whether the Parties supported the inclusion of a condition specifying that the material provided to Commission staff as part of generating plant retirement proposals include MISO's forms for Attachment Y, Attachment Y1, and Attachment Y2, any supporting documents referenced in those forms, and any other documents submitted as part of the proposal. On November 8, 2019, the WPSC filed its statement of clarification. (PSC REF#: 379061.) WPSC explained that it commits to providing any proposal to retire an electric generating unit no more than 30 days after its filing with a regional transmission organization, and was supportive of Commission staff's condition regarding the submittal of MISO's forms for Attachment Y, Attachment Y1, Attachment Y2, as well as documents referenced in those forms and any other documents submitted as part of the retirement proposal.

Accordingly, the Commission finds it is reasonable to impose the following additional conditions:

1) WPSC shall provide to the Commission, Commission staff, and the parties to the Settlement Agreement any proposal to retire an electric generating unit no more than 30 days after its filing with regional transmission organization.

2) WPSC shall provide to the Commission, in conjunction with the retirement proposal discussed above, any related Attachment Y2, Attachment Y1, and Attachment Y forms, as well as documents referenced in those forms and any other documents submitted as part of the retirement proposal.

Order

1. The Settlement Agreement, as modified and conditioned by this Final Decision, is approved.

2. The authorized rate increases and tariff provisions that restrict the terms of service may take effect no sooner than January 1, 2020, provided that the utility files these rates and tariff provisions with the Commission and makes them available to the public pursuant to Wis. Stat. § 196.19 and Wis. Admin. Code §§ PSC 113.0406(1)(a) and 134.05 by that date. If these rate increases and tariff provisions are not filed with the Commission and made available to the public by that date, they take effect one day after the date they are filed with the Commission and made available to the public.

3. WPSC may revise its existing rates and tariff provisions for electric and natural gas utility service, substituting the rate increases and tariff provisions that restrict the terms of service, as shown in Appendices B and C or as described in this Final Decision. These changes shall be in effect until the Commission issues an order establishing new rates and tariff provisions.

4. WPSC shall prepare bill messages that properly identify the rates authorized in this Final Decision. WPSC shall provide the messages to customers no later than the first billing containing the rates authorized in this Final Decision, and shall file copies of these bill messages with the Commission before it provides the messages to customers.

5. WPSC shall file tariffs consistent with this Final Decision.

6. The electric fuel costs in Appendix E shall be used for monitoring WPSC's 2020 fuel costs pursuant to Wis. Admin. Code § PSC 116.06(3).

7. All 2020 fuel costs shall be monitored using a plus or minus 2 percent tolerance band.

8. WPSC electric shall implement a volumetric bill credit ($/kWh) to return $12,121,000 of EDIT balances to customers in calendar year 2020 and the bill credits will terminate on December 31, 2020.

9. WPSC electric shall implement a volumetric bill credit ($/kWh) to return $40,034,000 of EDIT balances to customers in calendar year 2021 and beginning January 1, 2021 ending on December 31, 2021.

10. WPSC gas shall implement a volumetric bill credit ($/therm) to return $5,271,000 of EDIT balances annually to customers as bill credits which shall begin on January 1, 2020 and end on December 31, 2023.

11. All EDIT related bill credits shall be trued-up annually in accordance with docket 5-AF-101.

12. WPSC electric shall implement a volumetric bill credit ($/kWh) to return $10,722,000 of 2018 deferred revenue sharing balances annually to Wisconsin retail electric customers with the bill credits beginning on January 1, 2020 and ending on December 31, 2021. This bill credit will be trued-up in WPSC's next rate proceeding.

13. Any savings from the TCJA not addressed in the Settlement Agreement shall be addressed in docket 5-AF-101.

14. WPSC is authorized to recover the ReACT™ regulatory asset over eight years beginning January 1, 2020, as reflected in Commission staff's audit with an annual amortization expense of $4,504,000.

15. WPSC shall recover the Bluewater gas storage reservation charges in its base rates consistent with the Commission's Final Decision in docket 5-DR-112, Commission staff's audit in this docket, and the discussion in this Final Decision.

16. WPSC shall modify its gas plan in docket 6690-GP-2019 to reflect the recovery of the Bluewater gas storage reservation charges in its base rates beginning January 1, 2020.

17. WPSC is authorized escrow accounting treatment for Bluewater gas storage reservation charges included in base rates with an estimate of $9,809,000.

18. Escrow accounting treatment is authorized for WPSC's bad debt expenses for both its gas and electric utilities consistent with the treatment currently utilized by WEPCO and WG with an estimate of $4,214,000 for WPSC's electric utility and $2,111,000 for WPSC's natural gas utility.

19. WPSC electric shall record $5,483,000 of conservation escrow expense, which consists of $13,753,000 of estimated expenditures minus $8,270,000 of negative amortization of underspent amounts.

20. WPSC natural gas operations shall record $5,411,000 of conservation escrow expense, which consists of $4,879,000 of estimated expenditures plus amortization expense for the overspent amount of $532,000.

21. The conservation escrow expense amounts shall continue to be recorded until a new rate order is issued by the Commission authorizing different amounts to be recorded.

22. WPSC shall record annual farm rewiring escrow accrual amounts for the 2020 test year of $976,000, which is comprised of $800,000 of estimated farm rewiring expenditures plus amortization of the overspent amount of $176,000. WPSC shall continue to record these expense

amounts annually until they are superseded by a Commission order authorizing a new farm rewiring escrow accrual.

23. WPSC is authorized to retain 100 percent of the first 25 basis points of earnings above their respective settled ROEs. WPSC will return to customers an amount equal to 50 percent of earnings between 25 and 50 basis points above their respective settled ROEs. WPSC will return to customers 100 percent of earnings exceeding 75 basis points above their respective settled ROEs. ROE should be measured in the same manner as earnings defined by "Excess revenues" in Wis. Admin. Code. Ch. PSC 116 (Fuel Rules ROE).

24. WPSC is authorized to create a regulatory asset or liability for pension settlement costs or benefits as defined in the Final Decision in docket 5-UI-104 until December 31, 2021.

25. The escrow of network transmission charges and credits from ATC and MISO is extended through 2021. Any FERC-ordered ATC and MISO retroactive transmission asset rate of return refunds and any SSR costs and credit true-ups shall be escrowed for return to, or collection from, ratepayers in WPSC's next fuel or rate case proceeding.

26. The annual expense amounts itemized in Appendix F shall be recorded for all items listed in 2020 and 2021 or until the Commission authorizes a different amortization expense to be recorded.

27. In future rate case filings, WPSC shall provide weather-normalized sales data for electric and natural gas operations at the rate schedule level.

28. WPSC shall submit a 10-year financial forecast in its next rate case.

29. WPSC shall maintain a long-term range of 50 percent to 55 percent for its common equity ratio, on a financial basis.

30. WPSC shall not pay dividends in excess of the amount forecasted in this proceeding if such dividends cause the average annual common equity ratio, on a financial basis, to fall below the test-year authorized level of 52.50 percent.

31. WPSC shall submit, in its next rate case application, detailed information regarding all off-balance-sheet obligations for which the financial markets will calculate a debt equivalent. The information shall include, at a minimum: (1) the minimum annual lease and PPA obligations; (2) the method of calculation along with the calculated amount of the debt equivalent; and (3) supporting documentation, including all reports, correspondence and any other justification that clearly established S&P's and other major credit rating agencies' determination of the off-balance sheet debt equivalent, to the extent available, and publicly available documentation when S&P and other major credit rating agencies' documentation is not available.

32. WPSC shall maintain residential and small commercial customer electric and natural gas customer fixed charges at currently authorized rates for 2020 and 2021.

33. Prior to December 31, 2021, WPSC shall not modify its real time pricing tariffs and programs from those authorized in 6690-UR-125 and 6690-TE-105 except for those tariff modifications included in the Settlement Agreement as discussed in this Final Decision.

34. WPSC is directed work with Commission staff to perform an analysis of its Naturewise program before its next rate case, and to list renewable resources used for the program with its next rate case application.

35. WPSC is directed to work with Commission staff on issues pertaining to budget billing in relation to its Electric Service Rules, and request any proposed changes in a separate docket.

36. WPSC shall increase the interruptible credit to the level of WEPCO's interruptible capacity credit, reflected in WEPCO's Schedule Cp-FN.

37. During 2020, WPSC shall work with WIEG and CUB on new rates or other innovative utility programs targeted at industrial, residential and small commercial customers, respectively.

38. With regard to the provisions of the Settlement Agreement relating to generation planning:

a. WPSC shall work collaboratively with WIEG, CUB and Commission staff to review alternatives to the Point Beach PPA.

b. Prior to retiring any units in the future, the justification to retire on an economic basis shall include a cost benefit analysis that incorporates the impact of replacement power. WPSC shall include "the remaining investment costs from the plant to be retired," along with the existing specification to include the impact of replacement power costs, in the cost benefit analysis. This analysis shall be vetted with WIEG, CUB and Commission staff on a confidential basis.

c. WPSC shall submit all retirement proposals to the Commission and Commission staff.

d. WPSC shall share and brief the results of MISO Y2 analyses with Commission staff as well as CUB and WIEG. These briefings by WPSC shall be made by senior management and shall be provided as soon as reasonably practicable after WPSC receives the results of its requested Attachment Y2 analysis from MISO and a decision to retire a plant has been made.

e. WPSC shall not more than 30 days after it files a proposal to retire an electric generating plant with a regional transmission organization, provide that proposal in its entirety to the Commission, including Commission staff.

f. WPSC shall provide to Commission staff as part of generating plant retirement proposals MISO's forms for Attachment Y, Attachment Y1, and Attachment Y2, any supporting documents referenced in those forms, and any other documents submitted as part of the proposal.

39. The Commission's determination in this matter is based on the specific facts presented in the Settlement Agreement, is not precedential, and shall not be construed as applicable to any other situation outside of this particular settlement.

40. The requirements in prior Commission orders that are not expressly addressed in this Final Decision remain in effect and are not superseded by this Final Decision.

41. Jurisdiction is retained.

Dissent

Chairperson Valcq dissented on the issue of ReACT™ and writes separately (see attached).

Dated at Madison, Wisconsin, the 19th day of December, 2019.

By the Commission:

Steffany Powell Coker

Steffany Powell Coker
Secretary to the Commission

SPC:PPS:jac DL:01708403
See attached Notice of Rights

PUBLIC SERVICE COMMISSION OF WISCONSIN

Application of Wisconsin Public Service Corporation for Authority to Adjust Electric and Gas Rates | 6690-UR-126

DISSENT OF CHAIRPERSON REBECCA CAMERON VALCQ

I write to dissent from a portion of the Commission's decision in docket 6690-UR-126, Application of Wisconsin Public Service Corporation for Authority to Adjust Electric and Gas Rates, relating to ReACT™.

I would not have allowed recovery of earnings on the plant in-service balances for the cost overruns, related to the ReACT™ system. I suggested such a disallowance because the Wisconsin Public Service Corporation (WPSC) failed to comply with the requirement to notify the Commission as soon as it became aware of the fact that the project costs were going to exceed the 5 percent cost overrun limit.

I do not dispute that the ReACT™ project is functioning as intended or that the utility should be made whole for its capital investment. However, in the Commission's Final Decision approving the ReACT™ project (Docket 6690-CE-197), Order Point 2 is clear. It states:

> "The estimated cost of the approved project is $275 million, excluding AFUDC. Should the scope, design, or location of the project change significantly, or if it is discovered or identified that the project cost, including force majeure costs, may exceed the estimated cost by more than 5 percent, WPSC shall promptly notify the Commission as soon as it becomes aware of the possible changes or cost increase."

It took WPSC four months to provide notification that the project costs were going to exceed the 5 percent cost overrun limit.

The Commission's Order Points have the same force and effect as law. The Order Points included in Final Decisions are the result of the official record along with the decisions made by the Commission. They are not suggestions or wishlists. If they are not enforced, they become hollow and ultimately that places upward pressure on customer rates.

While not allowing recovery of earnings is a significant decision, I believe it is warranted here and the disallowance I suggested falls far short of disallowing actual costs. To disallow actual costs, the record would have to support a finding of imprudence. No such record exists.

Just a few months ago, in docket 3160-WR-105, we voted to allow recovery of unauthorized construction costs for a municipally-owned utility, in part on the basis that we had no shareholders to hold accountable. That is not the case here. State statutes, Commission rules and Order Points contained in our Final Decisions are put in place to protect customers. If we are not going to hold utilities accountable, who will?

PUBLIC SERVICE COMMISSION OF WISCONSIN
4822 Madison Yards Way
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NOTICE OF RIGHTS FOR REHEARING OR JUDICIAL REVIEW, THE TIMES ALLOWED FOR EACH, AND THE IDENTIFICATION OF THE PARTY TO BE NAMED AS RESPONDENT

The following notice is served on you as part of the Commission's written decision. This general notice is for the purpose of ensuring compliance with Wis. Stat. § 227.48(2), and does not constitute a conclusion or admission that any particular party or person is necessarily aggrieved or that any particular decision or order is final or judicially reviewable.

PETITION FOR REHEARING

If this decision is an order following a contested case proceeding as defined in Wis. Stat. § 227.01(3), a person aggrieved by the decision has a right to petition the Commission for rehearing within 20 days of the date of service of this decision, as provided in Wis. Stat. § 227.49. The date of service is shown on the first page. If there is no date on the first page, the date of service is shown immediately above the signature line. The petition for rehearing must be filed with the Public Service Commission of Wisconsin and served on the parties. An appeal of this decision may also be taken directly to circuit court through the filing of a petition for judicial review. It is not necessary to first petition for rehearing.

PETITION FOR JUDICIAL REVIEW

A person aggrieved by this decision has a right to petition for judicial review as provided in Wis. Stat. § 227.53. In a contested case, the petition must be filed in circuit court and served upon the Public Service Commission of Wisconsin within 30 days of the date of service of this decision if there has been no petition for rehearing. If a timely petition for rehearing has been filed, the petition for judicial review must be filed within 30 days of the date of service of the order finally disposing of the petition for rehearing, or within 30 days after the final disposition of the petition for rehearing by operation of law pursuant to Wis. Stat. § 227.49(5), whichever is sooner. If an *untimely* petition for rehearing is filed, the 30-day period to petition for judicial review commences the date the Commission serves its original decision.[10] The Public Service Commission of Wisconsin must be named as respondent in the petition for judicial review.

If this decision is an order denying rehearing, a person aggrieved who wishes to appeal must seek judicial review rather than rehearing. A second petition for rehearing is not permitted.

Revised: March 27, 2013

[10] *See Currier v. Wisconsin Dep't of Revenue*, 2006 WI App 12, 288 Wis. 2d 693, 709 N.W.2d 520.

APPENDIX A

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Docket 6690-UR-126

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WISCONSIN PUBLIC SERVICE CORPORATION - Authorized Electric Rates

6690-UR-126

Rate Class	Present Rates	Quantity	Revenues	2020 Authorized Rates	2020 Quantity	2020 Revenues	2020 Percent Change	2021 Authorized Rates	2021 Quantity	2021 Revenues	2021 Percent Change
Rg-1 RESIDENTIAL											
Fixed Charge											
Single PH	$0.6904	137,496,541	$94,927,612	$0.6904	137,496,541	$94,927,612	0.00%	$0.6904	137,496,541	$94,927,612	0.00%
Energy Charge	$0.09970	2,772,192,109	$276,387,553	$0.10708	2,772,192,109	$296,846,331	7.40%	$0.11118	2,772,192,109	$308,212,319	3.83%
Direct Load Control			-$695,176		0	$0	-100.00%		0	$0	0.00%
Fuel Adjustment	-$0.00175	2,772,192,109	-$4,851,336	$0.00000	2,772,192,109	$0	-100.00%	$0.00000	2,772,192,109	$0	0.00%
Excess Deferred Income Tax	$0.00000	2,772,192,109	$0	-$0.00183	2,772,192,109	-$5,071,971	N/A	-$0.00640	2,772,192,109	-$17,744,390	249.85%
Revenue Sharing	$0.00000	2,772,192,109	$0	-$0.00180	2,772,192,109	-$4,994,851	N/A	-$0.00180	2,772,192,109	-$4,994,851	0.00%
Revenue Subtotal (Does not include Act 141)			**$365,768,653**			**$381,707,122**	**4.36%**			**$380,400,690**	**-0.34%**
Act 141 Cost:											
Lg Cust Act 141 Capped 2005$	637,537	$0.00098	$625	637,537	$0.00098	$625	0.00%	637,537	$0.00098	$625	0.00%
Lg Cust Credits to comply w/Act 141	637,537	-$0.00202	-$1,288	637,537	-$0.00164	-$1,045	-18.88%	637,537	-$0.00164	-$1,045	0.00%
Total Rg-1 Revenue			**$365,767,990**			**$381,706,702**	**4.36%**			**$380,400,270**	**-0.34%**
Rg-3 OTOU RESIDENTIAL											
Optional TOU											
Fixed Charge											
Single PH	$0.6904	3,073,562	$2,121,987	$0.6904	3,073,562	$2,121,987	0.00%	$0.6904	3,073,562	$2,121,987	0.00%
Energy Charge											
On Peak	$0.18470	29,676,639	$5,481,275	$0.19208	29,676,639	$5,700,289	4.00%	$0.19887	29,676,639	$5,901,793	3.53%
Off Peak	$0.06070	80,539,209	$4,888,730	$0.06185	80,539,209	$4,981,350	1.89%	$0.06408	80,539,209	$5,160,953	3.61%
Water Heater											
Control Charge	$0.1578	0	$0	$0.1578	0	$0	0.00%	$0.1578	0	$0	0.00%
Control Charge - Seasonal	$0.3156	0	$0	$0.3156	0	$0	0.00%	$0.3156	0	$0	0.00%
Direct Load Control			-$43,996			$0	-100.00%			$0	0.00%
Fuel Adjustment	-$0.00175	110,215,849	-$192,878	$0.00000	110,215,849	$0	-100.00%	$0.00000	110,215,849	$0	0.00%
Excess Deferred Income Tax	$0.00000	110,215,849	$0	-$0.00140	110,215,849	-$154,238	N/A	-$0.00490	110,215,849	-$539,604	249.85%
Revenue Sharing	$0.00000	110,215,849	$0	-$0.00137	110,215,849	-$151,064	N/A	-$0.00137	110,215,849	-$151,064	0.00%
Revenue Subtotal (Does not include Act 141)			**$12,255,119**			**$12,498,324**	**1.98%**			**$12,494,064**	**-0.03%**
Act 141 Cost:											
Lg Cust Act 141 Capped 2005$	7,269	$0.00013	$1	7,269	$0.00013	$1	0.00%	7,269	$0.00013	$1	0.00%
Lg Cust Credits to comply w/Act 141	7,269	-$0.00202	-$15	7,269	-$0.00164	-$12	-18.87%	7,269	-$0.00164	-$12	0.00%
Total Rg-3 OTOU Revenue			**$12,255,105**			**$12,498,313**	**1.98%**			**$12,494,053**	**-0.03%**

WISCONSIN PUBLIC SERVICE CORPORATION - Authorized Electric Rates												
6690-UR-126												
				2020				2021				
Rate Class	Present Rates	Quantity	Revenues	Authorized Rates	Quantity	Revenues	Percent Change	Authorized Rates	Quantity	Revenues	Percent Change
Rg-5 OTOU RESIDENTIAL											
Optional TOU											
Fixed Charge											
Single PH	$0.6904	941,498	$650,011	$0.6904	941,498	$650,011	0.00%	$0.6904	941,498	$650,011	0.00%
Energy Charge											
On Peak	$0.22270	3,848,601	$857,083	$0.24627	3,848,601	$947,795	10.58%	$0.25662	3,848,601	$987,628	4.20%
Shoulder	$0.09970	7,042,031	$702,090	$0.10708	7,042,031	$754,061	7.40%	$0.11118	7,042,031	$782,933	3.83%
Off Peak	$0.06070	13,849,439	$840,661	$0.06185	13,849,439	$856,588	1.89%	$0.06408	13,849,439	$887,472	3.61%
Water Heater											
Control Charge	$0.1578	0	$0	$0.1578	0	$0	0.00%	$0.1578	0	$0	0.00%
Control Charge - Seasonal	$0.3156	0	$0	$0.3156	0	$0	0.00%	$0.3156	0	$0	0.00%
Direct Load Control			-$7,069			$0	-100.00%			$0	0.00%
Fuel Adjustment	-$0.00175	24,740,071	-$43,295	$0.00000	24,740,071	$0	-100.00%	$0.00000	24,740,071	$0	0.00%
Excess Deferred Income Tax	$0.00000	24,740,071	$0	-$0.00167	24,740,071	-$41,352	N/A	-$0.00585	24,740,071	-$144,671	249.85%
Revenue Sharing	$0.00000	24,740,071	$0	-$0.00164	24,740,071	-$40,655	N/A	-$0.00164	24,740,071	-$40,655	0.00%
Revenue Subtotal (Does not include Act 141)			**$2,999,481**			**$3,126,447**	**4.23%**			**$3,122,718**	**-0.12%**
Act 141 Cost:											
Lg Cust Act 141 Capped 2005$	0	$0.00000	$0	0	$0.00000	$0	0.00%	0	$0.00000	$0	0.00%
Lg Cust Credits to comply w/Act 141	0	-$0.00202	$0	0	-$0.00164	$0	0.00%	0	-$0.00164	$0	0.00%
Total Rg-5 OTOU Revenue			**$2,999,481**			**$3,126,447**	**4.23%**			**$3,122,718**	**-0.12%**
Rg-RR Response Rewards											
Optional TOU											
Fixed Charge											
Single PH	$0.6904	125,725	$86,801	$0.6904	125,725	$86,801	0.00%	$0.6904	125,725	$86,801	0.00%
Energy Charge											
On-Peak Energy Charge	$0.17933	778,136	$139,543	$0.20491	778,136	$159,448	14.26%	$0.21620	778,136	$168,233	5.51%
Off-Peak Energy Charge	$0.06070	2,605,290	$158,141	$0.06185	2,605,290	$161,137	1.89%	$0.06408	2,605,290	$166,947	3.61%
Critical Peak Energy Charge	$1.00020	20,954	$20,958	$0.99830	20,954	$20,918	-0.19%	$0.99830	20,954	$20,918	0.00%
Water Heater											
Control Charge	$0.1578	0	$0	$0.1578	0	$0	0.00%	$0.1578	0	$0	0.00%
Control Charge - Seasonal	$0.3156	0	$0	$0.3156	0	$0	0.00%	$0.3156	0	$0	0.00%
Direct Load Control			-$268			$0	-100.00%			$0	0.00%
Fuel Adjustment	-$0.00175	3,404,380	-$5,958	$0.00000	3,404,380	$0	-100.00%	$0.00000	3,404,380	$0	0.00%
Excess Deferred Income Tax	$0.00000	3,404,380	$0	-$0.00140	3,404,380	-$4,764	N/A	-$0.00490	3,404,380	-$16,667	249.85%
Revenue Sharing	$0.00000	3,404,380	$0	-$0.00137	3,404,380	-$4,666	N/A	-$0.00137	3,404,380	-$4,666	0.00%
Revenue Subtotal (Does not include Act 141)			**$399,217**			**$418,874**	**4.92%**			**$421,565**	**0.64%**
Act 141 Cost:											
Lg Cust Act 141 Capped 2005$	0	$0.00000	$0	0	$0.00000	$0	0.00%	0	$0.00000	$0	0.00%
Lg Cust Credits to comply w/Act 141	0	-$0.00202	$0	0	-$0.00164	$0	0.00%	0	-$0.00164	$0	0.00%
Total Rg-RR Revenue			**$399,217**			**$418,874**	**4.92%**			**$421,565**	**0.64%**

WISCONSIN PUBLIC SERVICE CORPORATION - Authorized Electric Rates

6690-UR-126

				2020				2021			
Rate Class	**Present Rates**	**Quantity**	**Revenues**	**Authorized Rates**	**Quantity**	**Revenues**	**Percent Change**	**Authorized Rates**	**Quantity**	**Revenues**	**Percent Change**
Cg-1 SMALL C&I (<50 KW)											
Fixed Charge											
Single Phase	$0.9084	11,836,423	$10,752,207	$0.9084	11,836,423	$10,752,207	0.00%	$0.9084	11,836,423	$10,752,207	0.00%
Three Phase	$1.4535	4,449,054	$6,466,700	$1.4535	4,449,054	$6,466,700	0.00%	$1.4535	4,449,054	$6,466,700	0.00%
Energy Charge	$0.10148	848,058,907	$86,061,018	$0.10053	848,058,907	$85,255,362	-0.94%	$0.10405	848,058,907	$88,240,529	3.50%
Direct Load Control			-$66,171			$0	-100.00%			$0	0.00%
Fuel Adjustment	-$0.00175	848,058,907	-$1,484,103	$0.00000	848,058,907	$0	-100.00%	$0.00000	848,058,907	$0	0.00%
Excess Deferred Income Tax	$0.00000	848,058,907	$0	-$0.00141	848,058,907	-$1,194,600	N/A	-$0.00493	848,058,907	-$4,179,333	249.85%
Revenue Sharing	$0.00000	848,058,907	$0	-$0.00137	848,058,907	-$1,165,098	N/A	-$0.00137	848,058,907	-$1,165,098	0.00%
Revenue Subtotal (Does not include Act 141)			**$101,729,650**			**$100,114,570**	**-1.59%**			**$100,115,005**	**0.00%**
Act 141 Cost:											
Lg Cust Act 141 Capped 2005$	17,571,370	$0.00099	$17,396	17,571,370	$0.00099	$17,396	0.00%	17,571,370	$0.00099	$17,396	0.00%
Lg Cust Credits to comply w/Act 141	17,571,370	-$0.00178	-$31,277	17,571,370	-$0.00151	-$26,459	-15.40%	17,571,370	-$0.00151	-$26,459	0.00%
Total Cg-1 Revenue			**$101,715,769**			**$100,105,507**	**-1.58%**			**$100,105,941**	**0.00%**
Cg-1 Response Rewards											
Fixed Charge											
Single Phase	$0.9084	0	$0	$0.9084	0	$0	0.00%	$0.9084	0	$0	0.00%
Three Phase	$1.4535	366	$532	$1.4535	366	$532	0.00%	$1.4535	366	$532	0.00%
On-Peak Energy Charge	$0.18857	4,890	$922	$0.18919	4,890	$925	0.33%	$0.19652	4,890	$961	3.87%
Off-Peak Energy Charge	$0.05723	7,911	$453	$0.05575	7,911	$441	-2.58%	$0.05774	7,911	$457	3.57%
Critical Peak Energy Charge	$1.00018	82	$82	$0.99828	82	$82	-0.19%	$0.99828	82	$82	0.00%
Direct Load Control			$0			$0	0.00%			$0	0.00%
Fuel Adjustment	-$0.00175	12,884	-$23	$0.00000	12,884	$0	-100.00%	$0.00000	12,884	$0	0.00%
Excess Deferred Income Tax	$0.00000	12,884	$0	-$0.00141	12,884	-$18	N/A	-$0.00493	12,884	-$63	249.85%
Revenue Sharing	$0.00000	12,884	$0	-$0.00137	12,884	-$18	N/A	-$0.00137	12,884	-$18	0.00%
Revenue Subtotal (Does not include Act 141)			**$1,967**			**$1,944**	**-1.13%**			**$1,951**	**0.32%**
Act 141 Cost:											
Lg Cust Act 141 Capped 2005$	0	$0.00000	$0	0	$0.00000	$0	0.00%	0	$0.00000	$0	0.00%
Lg Cust Credits to comply w/Act 141	0	-$0.00178	$0	0	-$0.00151	$0	0.00%	0	-$0.00151	$0	0.00%
Total Cg-1RR Revenue			**$1,967**			**$1,944**	**-1.13%**			**$1,951**	**0.32%**

WISCONSIN PUBLIC SERVICE CORPORATION - Authorized Electric Rates 6690-UR-126											
				2020				2021			
Rate Class	Present Rates	Quantity	Revenues	Authorized Rates	Quantity	Revenues	Percent Change	Authorized Rates	Quantity	Revenues	Percent Change
Cg-5 SMALL C&I (50 < KW > 100)											
Fixed Charge											
Single Phase	$2.0712	128,406	$265,955	$2.0712	128,406	$265,955	0.00%	$2.0712	128,406	$265,955	0.00%
Three Phase	$3.3140	446,642	$1,480,172	$3.3140	446,642	$1,480,172	0.00%	$3.3140	446,642	$1,480,172	0.00%
Energy Charge	$0.09477	290,397,380	$27,520,960	$0.09303	290,397,380	$27,015,668	-1.84%	$0.09557	290,397,380	$27,753,278	2.73%
Direct Load Control			-$24,419			$0	-100.00%			$0	0.00%
Fuel Adjustment	-$0.00175	290,397,380	-$508,195	$0.00000	290,397,380	$0	-100.00%	$0.00000	290,397,380	$0	0.00%
Excess Deferred Income Tax	$0.00000	290,397,380	$0	-$0.00102	290,397,380	-$295,721	N/A	-$0.00356	290,397,380	-$1,034,586	249.85%
Revenue Sharing	$0.00000	290,397,380	$0	-$0.00098	290,397,380	-$284,655	N/A	-$0.00098	290,397,380	-$284,655	0.00%
Revenue Subtotal (Does not include Act 141)			**$28,734,472**			**$28,181,419**	**-1.92%**			**$28,180,163**	**0.00%**
Act 141 Cost:											
Lg Cust Act 141 Capped 2005$	9,947,573	$0.00062	$6,167	9,947,573	$0.00062	$6,167	0.00%	9,947,573	$0.00062	$6,167	0.00%
Lg Cust Credits to comply w/Act 141	9,947,573	-$0.00178	-$17,707	9,947,573	-$0.00151	-$14,979	-15.40%	9,947,573	-$0.00151	-$14,979	0.00%
Total Cg-5 Revenue			**$28,722,933**			**$28,172,607**	**-1.92%**			**$28,171,351**	**0.00%**
Cg-5 Response Rewards											
Fixed Charge											
Single Phase	$2.0712	0	$0	$2.0712	0	$0		$2.0712	0	$0	0.00%
Three Phase	$3.3140	0	$0	$3.3140	0	$0		$3.3140	0	$0	0.00%
On-Peak Energy Charge	$0.16779	0	$0	$0.15641	0	$0		$0.16016	0	$0	0.00%
Off-Peak Energy Charge	$0.05312	0	$0	$0.05575	0	$0		$0.05774	0	$0	0.00%
Critical Peak Energy Charge	$1.00015	0	$0	$0.99825	0	$0		$0.99825	0	$0	0.00%
Direct Load Control			$0			$0				$0	0.00%
Fuel Adjustment	-$0.00175	0	$0	$0.00000	0	$0		$0.00000	0	$0	0.00%
Excess Deferred Income Tax	$0.00000	0	$0	-$0.00102	0	$0		-$0.00356	0	$0	0.00%
Revenue Sharing	$0.00000	$0.00000	$0	-$0.00098	$0.00000	$0		-$0.00098	$0.00000	$0	0.00%
Revenue Subtotal (Does not include Act 141)			**$0**			**$0**	**#DIV/0!**			**$0**	**0.00%**
Act 141 Cost:											
Lg Cust Act 141 Capped 2005$	0	$0.00062	$0	0	$0.00062	$0		0	$0.00062	$0	0.00%
Lg Cust Credits to comply w/Act 141	0	-$0.00178	$0	0	-$0.00151	$0		0	-$0.00151	$0	0.00%
Total Cg-5RR Revenue			**$0**			**$0**	**#DIV/0!**			**$0**	**0.00%**
Cg-3 OTOU C&I OPTIONAL TOU											
Fixed Charge											
Single PH	$0.9084	1,838,130	$1,669,757	$0.9084	1,838,130	$1,669,757	0.00%	$0.9084	1,838,130	$1,669,757	0.00%
Three PH	$1.4535	173,904	$252,770	$1.4535	173,904	$252,770	0.00%	$1.4535	173,904	$252,770	0.00%
Water Heater Control Charge	$0.1578	0	$0	$0.1578	0	$0	0.00%	$0.1578	0	$0	0.00%
Water Heater Control Charge-Seasor	$0.3156	0	$0	$0.3156	0	$0	0.00%	$0.3156	0	$0	0.00%
On Peak Energy Charge	$0.18074	25,052,241	$4,527,942	$0.18017	25,052,241	$4,513,662	-0.32%	$0.18645	25,052,241	$4,670,990	3.49%
Off Peak Energy Charge	$0.05723	67,441,728	$3,859,690	$0.05575	67,441,728	$3,759,876	-2.59%	$0.05774	67,441,728	$3,894,085	3.57%
Direct Load Control			-$7,003			$0	-100.00%			$0	0.00%
Fuel Adjustment	-$0.00175	92,493,969	-$161,864	$0.00000	92,493,969	$0	-100.00%	$0.00000	92,493,969	$0	0.00%
Excess Deferred Income Tax	$0.00000	92,493,969	$0	-$0.00126	92,493,969	-$116,770	N/A	-$0.00442	92,493,969	-$408,520	249.85%
Revenue Sharing	$0.00000	92,493,969	$0	-$0.00123	92,493,969	-$113,863	N/A	-$0.00123	92,493,969	-$113,863	0.00%
Revenue Subtotal (Does not include Act 141)			**$10,141,291**			**$9,965,432**	**-1.73%**			**$9,965,218**	**0.00%**
Act 141 Cost:											
Lg Cust Act 141 Capped 2005$	70,632	$0.00057	$40	70,632	$0.00057	$40	0.00%	70,632	$0.00057	$40	0.00%
Lg Cust Credits to comply w/Act 141	70,632	-$0.00178	-$126	70,632	-$0.00151	-$106	-15.40%	70,632	-$0.00151	-$106	0.00%
Total Cg-3-OTOU Revenue			**$10,141,205**			**$9,965,366**	**-1.73%**			**$9,965,152**	**0.00%**

WISCONSIN PUBLIC SERVICE CORPORATION - Authorized Electric Rates											
6690-UR-126											
				2020				2021			
Rate Class	Present Rates	Quantity	Revenues	Authorized Rates	Quantity	Revenues	Percent Change	Authorized Rates	Quantity	Revenues	Percent Change
Cg20-TOU C&I (100-1000 KW)											
Fixed Charge											
Secondary	$3.0575	1,388,484	$4,245,290	$3.0575	1,388,484	$4,245,290	0.00%	$3.0575	1,388,484	$4,245,290	0.00%
Primary	$5.5890	10,547	$58,948	$5.5890	10,547	$58,948	0.00%	$5.5890	10,547	$58,948	0.00%
Customer Demand Charge	$1.689	9,228,786	$15,587,420	$1.988	9,228,786	$18,346,827	17.70%	$1.988	9,228,786	$18,346,827	0.00%
Standby	$2.251	5,858	$13,186	$2.251	5,858	$13,186	0.00%	$2.251	5,858	$13,186	0.00%
System Demand Charge											
Summer	$13.905	2,559,790	$35,593,883	$14.478	2,559,790	$37,060,643	4.12%	$14.901	2,559,790	$38,143,434	2.92%
Winter	$9.272	4,565,975	$42,335,723	$9.654	4,565,975	$44,079,925	4.12%	$9.936	4,565,975	$45,367,530	2.92%
On-Peak Energy Charge	$0.06458	919,653,157	$59,391,201	$0.06096	919,653,157	$56,062,056	-5.61%	$0.06326	919,653,157	$58,177,259	3.77%
Off-Peak Energy Charge	$0.03945	1,825,441,807	$72,013,679	$0.03650	1,825,441,807	$66,628,626	-7.48%	$0.03791	1,825,441,807	$69,202,499	3.86%
Energy Limiter	$0.17340		-$1,463,860	$0.17244		-$1,433,032	-2.11%	$0.17244		-$1,433,032	0.00%
Primary Discount			-$101,781			-$99,638	-2.11%			-$99,638	0.00%
Direct Load Control			-$902,481			$0	-100.00%			$0	0.00%
Fuel Adjustment	-$0.00175	2,745,094,964	-$4,803,916	$0.00000	2,745,094,964	$0	-100.00%	$0.00000	2,745,094,964	$0	0.00%
Excess Deferred Income Tax	$0.00000	2,745,094,964	$0	-$0.00081	2,745,094,964	-$2,218,465	N/A	-$0.00283	2,745,094,964	-$7,761,344	249.85%
Revenue Sharing	$0.00000	2,745,094,964	$0	-$0.00076	2,745,094,964	-$2,097,370	N/A	-$0.00076	2,745,094,964	-$2,097,370	0.00%
Revenue Subtotal (Does not include Act 141)			**$221,967,291**			**$220,646,998**	**-0.59%**			**$222,163,590**	**0.69%**
Act 141 Cost:											
Lg Cust Act 141 Capped 2005$	352,444,161	$0.00035	$123,355	352,444,161	$0.00035	$123,355	0.00%	352,444,161	$0.00035	$123,355	0.00%
Lg Cust Credits to comply w/Act 141	352,444,161	-$0.00178	-$627,351	352,444,161	-$0.00151	-$530,711	-15.40%	352,444,161	-$0.00151	-$530,711	0.00%
Total Cg-20 Revenue			**$221,463,296**			**$220,239,642**	**-0.55%**			**$221,756,235**	**0.69%**
Cg20 - Response Rewards											
Fixed Charge											
Secondary	$3.0575	13,542	$41,405	$3.0575	13,542	$41,405	0.00%	$3.0575	13,542	$41,405	0.00%
Primary	$5.5890	1,098	$6,137	$5.5890	1,098	$6,137	0.00%	$5.5890	1,098	$6,137	0.00%
Customer Demand Charge	$1.689	220,817	$372,960	$1.988	220,817	$438,984	17.70%	$1.988	220,817	$438,984	0.00%
Standby	$2.251	0	$0	$2.251	0	$0	0.00%	$2.251	0	$0	0.00%
System Demand Charge											
Summer	$10.429	61,330	$639,611	$10.859	61,330	$665,952	4.12%	$11.176	61,330	$685,409	2.92%
Winter	$6.954	107,854	$750,017	$7.241	107,854	$780,917	4.12%	$7.452	107,854	$803,728	2.92%
On-Peak Energy Charge	$0.04717	18,554,909	$875,235	$0.04408	18,554,909	$817,900	-6.55%	$0.04673	18,554,909	$867,071	6.01%
Off-Peak Energy Charge	$0.03552	34,448,705	$1,223,618	$0.03266	34,448,705	$1,125,095	-8.05%	$0.03393	34,448,705	$1,168,845	3.89%
Critical Peak Energy Charge	$0.40010	1,919,219	$767,880	$0.39820	1,919,219	$764,233	-0.47%	$0.39820	1,919,219	$764,233	0.00%
Primary Discount			-$13,195			-$13,195	0.00%			-$13,195	0.00%
Direct Load Control			$0			$0	0.00%			$0	0.00%
Fuel Adjustment	-$0.00175	53,003,614	-$92,756	$0.00000	53,003,614	$0	-100.00%	$0.00000	53,003,614	$0	0.00%
Excess Deferred Income Tax	$0.00000	53,003,614	$0	-$0.00081	53,003,614	-$42,835	N/A	-$0.00283	53,003,614	-$149,860	249.85%
Revenue Sharing	$0.00000	53,003,614	$0	-$0.00076	53,003,614	-$40,497	N/A	-$0.00076	53,003,614	-$40,497	0.00%
Revenue Subtotal (Does not include Act 141)			**$4,570,910**			**$4,544,095**	**-0.59%**			**$4,572,259**	**0.62%**
Act 141 Cost:											
Lg Cust Act 141 Capped 2005$	10,907,175	$0.00035	$3,818	10,907,175	$0.00035	$3,818	0.00%	10,907,175	$0.00035	$3,818	0.00%
Lg Cust Credits to comply w/Act 141	10,907,175	-$0.00178	-$19,415	10,907,175	-$0.00151	-$16,424	-15.40%	10,907,175	-$0.00151	-$16,424	0.00%
Total Cg-20RR Revenue			**$4,555,312**			**$4,531,488**	**-0.52%**			**$4,559,652**	**0.62%**

WISCONSIN PUBLIC SERVICE CORPORATION - Authorized Electric Rates

6690-UR-126

Rate Class	Present Rates	Quantity	Revenues	2020 Authorized Rates	2020 Quantity	2020 Revenues	2020 Percent Change	2021 Authorized Rates	2021 Quantity	2021 Revenues	2021 Percent Change
Cp Large C&I (>1000 KW)											
Fixed Charge											
Secondary	$21.8630	34,770	$760,177	$21.8630	34,770	$760,177	0.00%	$21.8630	34,770	$760,177	0.00%
Primary	$25.5123	19,764	$504,225	$25.5123	19,764	$504,225	0.00%	$25.5123	19,764	$504,225	0.00%
Transmission	$58.2904	2,928	$170,674	$58.2904	2,928	$170,674	0.00%	$58.2904	2,928	$170,674	0.00%
Distribution Demand Charge (Second	$2.100	1,825,740	$3,834,054	$2.186	1,825,740	$3,991,068	4.10%	$2.186	1,825,740	$3,991,068	0.00%
Distribution Demand Charge (Primary	$1.850	3,379,536	$6,252,142	$1.926	3,379,536	$6,508,986	4.11%	$1.926	3,379,536	$6,508,986	0.00%
Substation - Transformer Capacity (T	$0.588	1,992,000	$1,171,296	$0.588	1,992,000	$1,171,296	0.00%	$0.588	1,992,000	$1,171,296	0.00%
Standby	$3.500	0	$0	$3.500	0	$0	0.00%	$3.500	0	$0	0.00%
System Demand Charges											
Peak - Summer (Secondary)	$15.875	393,734	$6,250,522	$17.296	393,734	$6,810,018	8.95%	$18.077	393,734	$7,117,524	4.52%
Peak - Summer (Primary)	$15.522	687,377	$10,669,458	$16.911	687,377	$11,624,224	8.95%	$17.675	687,377	$12,149,380	4.52%
Peak - Summer (Transmission)	$15.309	95,950	$1,468,901	$16.679	95,950	$1,600,353	8.95%	$17.432	95,950	$1,672,603	4.51%
Peak - Winter (Secondary)	$8.144	710,267	$5,784,412	$8.873	710,267	$6,302,197	8.95%	$9.274	710,267	$6,587,014	4.52%
Peak - Winter (Primary)	$7.963	1,278,974	$10,184,467	$8.676	1,278,974	$11,096,376	8.95%	$9.068	1,278,974	$11,597,733	4.52%
Peak - Winter (Transmission)	$7.854	217,091	$1,705,037	$8.557	217,091	$1,857,652	8.95%	$8.943	217,091	$1,941,449	4.51%
Intermediate - Summer (Seconda	$11.906	14,564	$173,393	$12.972	14,564	$188,918	8.95%	$13.558	14,564	$197,452	4.52%
Intermediate - Summer (Primary)	$11.642	5,639	$65,652	$12.683	5,639	$71,522	8.94%	$13.256	5,639	$74,754	4.52%
Intermediate - Summer (Transmi	$11.482	138,476	$1,589,982	$12.509	138,476	$1,732,197	8.94%	$13.074	138,476	$1,810,436	4.52%
Intermediate - Winter (Secondary	$6.108	24,821	$151,607	$6.655	24,821	$165,184	8.96%	$6.956	24,821	$172,655	4.52%
Intermediate - Winter (Primary)	$5.972	665	$3,973	$6.507	665	$4,329	8.96%	$6.801	665	$4,524	4.52%
Intermediate - Winter (Transmiss	$5.891	274,576	$1,617,525	$6.418	274,576	$1,762,226	8.95%	$6.707	274,576	$1,841,578	4.50%
Variable Interruptible - Summer (	$9.574	134,020	$1,283,107	$9.257	134,020	$1,240,623	-3.31%	$10.038	134,020	$1,345,293	8.44%
Credit (Secondary)	-$6.301			-$8.039				-$8.039			
Variable Interruptible - Summer (	$9.221	152,622	$1,407,327	$8.872	152,622	$1,354,062	-3.78%	$9.636	152,622	$1,470,666	8.61%
Credit (Primary)	-$6.301			-$8.039				-$8.039			
Variable Interruptible - Summer (	$9.008	292,864	$2,638,119	$8.640	292,864	$2,530,345	-4.09%	$9.393	292,864	$2,750,872	8.72%
Credit (Transmission)	-$6.301			-$8.039				-$8.039			
Variable Interruptible - Winter (Se	$4.993	266,521	$1,330,739	$4.853	266,521	$1,293,426	-2.80%	$5.254	266,521	$1,400,301	8.26%
Credit (Secondary)	-$3.151			-$4.020				-$4.020			
Variable Interruptible - Winter (Pr	$4.812	292,524	$1,407,625	$4.656	292,524	$1,361,992	-3.24%	$5.048	292,524	$1,476,661	8.42%
Credit (Primary)	-$3.151			-$4.020				-$4.020			
Variable Interruptible - Winter (Tr	$4.703	581,155	$2,733,172	$4.537	581,155	$2,636,700	-3.53%	$4.923	581,155	$2,861,026	8.51%
Credit (Transmission)	-$3.151			-$4.020				-$4.020			
On-Peak Energy Charge (Secondary	$0.05941	371,120,568	$22,048,273	$0.05864	371,120,568	$21,762,510	-1.30%	$0.05909	371,120,568	$21,929,514	0.77%
On-Peak Energy Charge (Primary)	$0.05767	648,920,161	$37,423,226	$0.05687	648,920,161	$36,904,090	-1.39%	$0.05730	648,920,161	$37,183,125	0.76%
On-Peak Energy Charge (Transmissi	$0.05695	382,068,233	$21,758,786	$0.05613	382,068,233	$21,445,490	-1.44%	$0.05656	382,068,233	$21,609,779	0.77%
Off-Peak Energy Charge (Secondary	$0.03300	355,937,121	$11,745,925	$0.03173	355,937,121	$11,293,885	-3.85%	$0.03197	355,937,121	$11,379,310	0.76%
Off-Peak Energy Charge (Primary)	$0.03203	690,402,505	$22,113,592	$0.03074	690,402,505	$21,222,973	-4.03%	$0.03098	690,402,505	$21,388,670	0.78%
Off-Peak Energy Charge (Transmissi	$0.03163	477,972,412	$15,118,267	$0.03033	477,972,412	$14,496,903	-4.11%	$0.03057	477,972,412	$14,611,617	0.79%
Power Factor Discount (Prim, Sec, T	92.44%		-$219,527	92.44%		-$219,527	0.00%	92.44%		-$219,527	0.00%
Direct Load Control (Pri, Sec, Trans)			-$168,361			$0	-100.00%			$0	0.00%
Economic Buyout (Pri, Sec, Trans)			0			0	0.00%			0	0.00%
Fuel Adjustment	-$0.00175	2,926,421,000	-$5,121,237	$0.00000	2,926,421,000	$0	-100.00%	$0.00000	2,926,421,000	$0	0.00%
Excess Deferred Income Tax	$0.00000	2,926,421,000	$0	-$0.00055	2,926,421,000	-$1,611,762	N/A	-$0.00193	2,926,421,000	-$5,638,781	249.85%
Revenue Sharing	$0.00000	2,926,421,000	$0	-$0.00052	2,926,421,000	-$1,528,721	N/A	-$0.00052	2,926,421,000	-$1,528,721	0.00%
Revenue Subtotal (Does not include Act 141)			**$187,856,531**			**$190,504,611**	**1.41%**			**$190,293,333**	**-0.11%**
Act 141 Cost:											
Lg Cust Act 141 Capped 2005$	2,616,786,359	$0.00033	$863,539	2,616,786,359	$0.00033	$863,539		2,616,786,359	$0.00033	$863,539	0.00%
Lg Cust Credits to comply w/Act 141	2,616,786,359	-$0.00178	-$4,657,880	2,616,786,359	-$0.00151	-$3,940,359		2,616,786,359	-$0.00151	-$3,940,359	0.00%
Total Cp Revenue			**$184,062,191**			**$187,427,791**	**1.83%**			**$187,216,514**	**-0.11%**

WISCONSIN PUBLIC SERVICE CORPORATION - Authorized Electric Rates

6690-UR-126

				2020				2021			
Rate Class	**Present Rates**	**Quantity**	**Revenues**	**Authorized Rates**	**Quantity**	**Revenues**	**Percent Change**	**Authorized Rates**	**Quantity**	**Revenues**	**Percent Change**
Cp Response Rewards											
Fixed Charge											
Secondary	$21.8630	2,928	$64,015	$21.8630	2,928	$64,015	0.00%	$21.8630	2,928	$64,015	0.00%
Primary	$25.5123	2,196	$56,025	$25.5123	2,196	$56,025	0.00%	$25.5123	2,196	$56,025	0.00%
Transmission	$58.2904	732	$42,669	$58.2904	732	$42,669	0.00%	$58.2904	732	$42,669	0.00%
Distribution Demand Charge (Second	$2.100	154,224	$323,870	$2.186	154,224	$337,134	4.10%	$2.186	154,224	$337,134	0.00%
Distribution Demand Charge (Primary	$1.850	198,996	$368,143	$1.926	198,996	$383,266	4.11%	$1.926	198,996	$383,266	0.00%
Substation - Transformer Capacity (T	$0.588	504,000	$296,352	$0.588	504,000	$296,352	0.00%	$0.588	504,000	$296,352	0.00%
Standby	$3.500	0	$0	$3.500	0	$0	0.00%	$3.500	0	$0	0.00%
System Demand Charges											
Peak - Summer (Secondary)	$11.906	44,760	$532,912	$12.972	44,760	$580,627	8.95%	$13.558	44,760	$606,845	4.52%
Peak - Summer (Primary)	$11.642	60,312	$702,152	$12.683	60,312	$764,952	8.94%	$13.256	60,312	$799,511	4.52%
Peak - Summer (Transmission)	$11.482	84,711	$972,652	$12.509	84,711	$1,059,671	8.95%	$13.074	84,711	$1,107,512	4.51%
Peak - Winter (Secondary)	$6.108	82,842	$505,999	$6.655	82,842	$551,293	8.95%	$6.956	82,842	$576,208	4.52%
Peak - Winter (Primary)	$5.972	111,898	$668,255	$6.507	111,898	$728,120	8.96%	$6.801	111,898	$761,018	4.52%
Peak - Winter (Transmission)	$5.891	158,744	$935,161	$6.418	158,744	$1,018,779	8.94%	$6.707	158,744	$1,064,736	4.51%
Intermediate - Summer (Seconda	$8.930	1,403	$12,528	$9.729	1,403	$13,649	8.95%	$10.168	1,403	$14,265	4.51%
Intermediate - Summer (Primary)	$8.731	0	$0	$9.512	0	$0	0.00%	$9.942	0	$0	0.00%
Intermediate - Summer (Transmis	$8.611	0	$0	$9.382	0	$0	0.00%	$9.806	0	$0	0.00%
Intermediate - Winter (Secondary	$4.581	3,060	$14,018	$4.991	3,060	$15,273	8.95%	$5.217	3,060	$15,965	4.53%
Intermediate - Winter (Primary)	$4.479	0	$0	$4.880	0	$0	0.00%	$5.101	0	$0	0.00%
Intermediate - Winter (Transmiss	$4.418	0	$0	$4.813	0	$0	0.00%	$5.030	0	$0	0.00%
On-Peak Energy Charge (Secondary	$0.04053	27,910,037	$1,131,194	$0.03735	27,910,037	$1,042,440	-7.85%	$0.03838	27,910,037	$1,071,187	2.76%
On-Peak Energy Charge (Primary)	$0.03934	43,334,120	$1,704,764	$0.03620	43,334,120	$1,568,695	-7.98%	$0.03720	43,334,120	$1,612,029	2.76%
On-Peak Energy Charge (Transmissi	$0.03885	60,179,352	$2,337,968	$0.03572	60,179,352	$2,149,606	-8.06%	$0.03671	60,179,352	$2,209,184	2.77%
Off-Peak Energy Charge (Secondary	$0.02970	26,079,746	$774,568	$0.02837	26,079,746	$739,882	-4.48%	$0.02858	26,079,746	$745,359	0.74%
Off-Peak Energy Charge (Primary)	$0.02883	49,363,675	$1,423,155	$0.02748	49,363,675	$1,356,514	-4.68%	$0.02769	49,363,675	$1,366,880	0.76%
Off-Peak Energy Charge (Transmissi	$0.02847	81,781,653	$2,328,324	$0.02711	81,781,653	$2,217,101	-4.78%	$0.02732	81,781,653	$2,234,275	0.77%
Critical Peak Energy Charge (Second	$0.40000	1,355,215	$542,086	$0.39810	1,355,215	$539,511	-0.48%	$0.39810	1,355,215	$539,511	0.00%
Critical Peak Energy Charge (Primar	$0.38827	3,870,205	$1,502,685	$0.38637	3,870,205	$1,495,331	-0.49%	$0.38637	3,870,205	$1,495,331	0.00%
Critical Peak Energy Charge (Transm	$0.38340	4,651,996	$1,783,575	$0.38150	4,651,996	$1,774,736	-0.50%	$0.38150	4,651,996	$1,774,736	0.00%
Power Factor Discount (Prim, Sec, Tr	92.44%		$18,214	92.44%		$18,214	0.00%	92.44%		$18,214	0.00%
Direct Load Control (Pri, Sec, Trans)			$0			$0	0.00%			$0	0.00%
Economic Buyout (Pri, Sec, Trans)			0			0	0.00%			0	0.00%
Fuel Adjustment	-$0.00175	298,525,998	-$522,421	$0.00000	298,525,998	$0	-100.00%	$0.00000	298,525,998	$0	0.00%
Excess Deferred Income Tax	$0.00000	298,525,998	$0	-$0.00055	298,525,998	-$164,417	N/A	-$0.00193	298,525,998	-$575,215	249.85%
Revenue Sharing	$0.00000	298,525,998	$0	-$0.00052	298,525,998	-$155,946	N/A	-$0.00052	298,525,998	-$155,946	0.00%
Revenue Subtotal (Does not include Act 141)			**$18,518,863**			**$18,493,493**	**-0.14%**			**$18,461,065**	**-0.18%**
Act 141 Cost:											
Lg Cust Act 141 Capped 2005$	270,186,107	$0.00033	$89,161	270,186,107	$0.00033	$89,161	0.00%	270,186,107	$0.00033	$89,161	0.00%
Lg Cust Credits to comply w/Act 141	270,186,107	-$0.00178	-$480,931	270,186,107	-$0.00151	-$406,846	-15.40%	270,186,107	-$0.00151	-$406,846	0.00%
Total Cp-RR Revenue			**$18,127,093**			**$18,175,808**	**0.27%**			**$18,143,380**	**-0.18%**

WISCONSIN PUBLIC SERVICE CORPORATION - Authorized Electric Rates												
6690-UR-126												
				2020				2021				
Rate Class	Present Rates	Quantity	Revenues	Authorized Rates	Quantity	Revenues	Percent Change	Authorized Rates	Quantity	Revenues	Percent Change
NLMP and RTMP											
NLMP											
Scheduling Charge - NLMP	$6.00	1,098	$6,588	$6.00	1,098	$6,588	0.00%	$6.00	1,098	$6,588	0.00%
Transmission Demand - NLMP	$7.48	349,300	$2,612,578	$7.48	349,300	$2,612,578	0.00%	$7.48	349,300	$2,612,578	0.00%
Peak Demand - Summer	$0.015	120,400	$1,792	$0.015	120,400	$1,792	0.00%	$0.015	120,400	$1,792	0.00%
Peak Demand - Winter	$0.016	228,900	$3,618	$0.016	228,900	$3,618	0.00%	$0.016	228,900	$3,618	0.00%
Energy - NLMP	$0.02351	297,742,000	$6,998,575	$0.02351	297,742,000	$6,998,575	0.00%	$0.02351	297,742,000	$6,998,575	0.00%
Energy Adder - NLMP	$0.00050	297,742,000	$148,871	$0.00050	297,742,000	$148,871	0.00%	$0.00050	297,742,000	$148,871	0.00%
		0									
RTMP											
Scheduling Charge - RTMP	$1,000.00	96	$96,000	$1,000.00	96	$96,000	0.00%	$1,000.00	96	$96,000	0.00%
Transmission Demand - RTMP	$5.01	1,003,200	$5,026,032	$5.01	1,003,200	$5,026,032	0.00%	$5.01	1,003,200	$5,026,032	0.00%
Energy - RTMP	$0.02403	467,709,000	$11,239,957	$0.02403	467,709,000	$11,239,957	0.00%	$0.02403	467,709,000	$11,239,957	0.00%
Energy Adder - RTMP	$0.00550	467,709,000	$2,572,400	$0.00550	467,709,000	$2,572,400	0.00%	$0.00550	467,709,000	$2,572,400	0.00%
		11,604,770									
Total NLMP and RTMP Revenue			**$28,706,410**			**$28,706,410**	**0.00%**			**$28,706,410**	**0.00%**

WISCONSIN PUBLIC SERVICE CORPORATION - Authorized Electric Rates

6690-UR-126

Rate Class	Present Rates	Quantity	Revenues	2020 Authorized Rates	2020 Quantity	2020 Revenues	2020 Percent Change	2021 Authorized Rates	2021 Quantity	2021 Revenues	2021 Percent Change
Ls-1 Lighting Service											
Company Owned											
Sodium Vapor											
5,670 Lumens (70W)	16.36	2,556	$41,816	16.19	2,556	$41,382	-1.04%	16.77	2,556	$42,864	3.58%
9,000 Lumens (100W) (Closed)	16.86	189,660	$3,197,668	16.70	189,660	$3,167,322	-0.95%	17.29	189,660	$3,279,221	3.53%
14,000 Lumens (150W) (Closed)	19.25	141,123	$2,716,618	19.06	141,123	$2,689,804	-0.99%	19.74	141,123	$2,785,768	3.57%
27,000 Lumens (250W) (Closed)	23.72	82,759	$1,963,043	23.48	82,759	$1,943,181	-1.01%	24.32	82,759	$2,012,699	3.58%
45,000 Lumens (400W)	31.82	6,180	$196,648	31.50	6,180	$194,670	-1.01%	32.63	6,180	$201,653	3.59%
9,000 Lumens (100W) - Area	14.65	57,123	$836,852	14.52	57,123	$829,426	-0.89%	15.04	57,123	$859,130	3.58%
14,000 Lumens (150W) - Area	17.28	10,031	$173,336	17.12	10,031	$171,731	-0.93%	17.74	10,031	$177,950	3.62%
27,000 Lumens (250W) - Directional	28.78	5,091	$146,519	28.48	5,091	$144,992	-1.04%	29.52	5,091	$150,286	3.65%
45,000 Lumens (400W) - Directional	35.19	25,899	$911,386	34.84	25,899	$902,321	-0.99%	36.10	25,899	$934,954	3.62%
Metal Halide											
8,500 Lumens (150W)	22.66	456	$10,333	22.43	456	$10,228	-1.02%	23.25	456	$10,602	3.66%
26,000 Lumens (350W)	28.76	180	$5,177	28.47	180	$5,125	-1.01%	29.49	180	$5,308	3.58%
36,000 Lumens (400W) - (Closed)	31.82	36	$1,146	31.49	36	$1,134	-1.04%	32.61	36	$1,174	3.56%
26,000 Lumens (350W) - Directional	30.71	1,356	$41,643	30.40	1,356	$41,222	-1.01%	31.50	1,356	$42,714	3.62%
36,000 Lumens (400W) - Directional	34.94	4,584	$160,165	34.59	4,584	$158,561	-1.00%	35.84	4,584	$164,291	3.61%
110,000 Lumens (1000W) - Direction	52.93	1,836	$97,179	52.40	1,836	$96,206	-1.00%	54.29	1,836	$99,676	3.61%
LED											
9,000 Lumens (100W) SV equivalent	14.47	18,540	$268,274	14.37	18,540	$266,420	-0.69%	14.35	18,540	$266,049	-0.14%
14,000 Lumens (150W) SV equivaler	18.23	20,628	$376,048	18.10	20,628	$373,367	-0.71%	18.07	20,628	$372,748	-0.17%
27,000 Lumens (250W) SV equivaler	22.93	19,884	$455,940	22.77	19,884	$452,759	-0.70%	22.75	19,884	$452,361	-0.09%
Customer Owned (closed)											
Sodium Vapor											
9,000 Lumens (100W)	11.51	1,476	$16,989	11.40	1,476	$16,826	-0.96%	11.80	1,476	$17,417	3.51%
14,000 Lumens (150W)	13.55	7,908	$107,153	13.41	7,908	$106,046	-1.03%	13.89	7,908	$109,842	3.58%
27,000 Lumens (250 W)	17.32	7,668	$132,810	17.15	7,668	$131,506	-0.98%	17.77	7,668	$136,260	3.62%
45,000 Lumens (400W)	21.21	1,368	$29,015	21.00	1,368	$28,728	-0.99%	21.76	1,368	$29,768	3.62%
Metal Halide											
8,500 Lumens (150W)	16.19	48	$777	16.03	48	$769	-0.99%	16.61	48	$797	3.62%
26,000 Lumens (350W)	20.25	0	$0	20.05	0	$0	0.00%	20.77	0	$0	0.00%
Common											
Wood Poles	4.89	70,812	$346,271	4.84	70,812	$342,730	-1.02%	5.01	70,812	$354,768	3.51%
Fiberglass Poles 25' / 20'	8.15	264	$2,152	8.07	264	$2,130	-0.98%	8.36	264	$2,207	3.59%
Fiberglass Poles 30' / 25'	10.53	384	$4,044	10.42	384	$4,001	-1.04%	10.80	384	$4,147	3.65%
Fiberglass Poles 35' / 30'	13.18	288	$3,796	13.05	288	$3,758	-0.99%	13.52	288	$3,894	3.60%
Fiberglass Poles 40' / 35'	21.93	0	$0	21.71	0	$0	0.00%	22.49	0	$0	0.00%
Spans	2.16	83,508	$180,377	2.14	83,508	$178,707	-0.93%	2.22	83,508	$185,388	3.74%
Excess Footage - Mast Arm	0.22	27,348	$6,017	0.22	27,348	$6,017	0.00%	0.23	27,348	$6,290	4.55%
Fuel Clause Adjustment	-$0.00175	40,225,464	-$70,395	$0.00000	40,225,464	$0	-100.00%	$0.00000	40,225,464	$0	0.00%
Excess Deferred Income Tax	$0.00000	40,225,464	$0	-$0.00394	40,225,464	-$158,445	N/A	-$0.01378	40,225,464	-$554,323	249.85%
Revenue Sharing	$0.00000	40,225,464	$0	-$0.00359	40,225,464	-$144,507	N/A	-$0.00359	40,225,464	-$144,507	0.00%
Revenue Subtotal (Does not include Act 141)			**$12,358,795**			**$12,008,118**	**-2.84%**			**$12,011,397**	**0.03%**
Act 141 Cost:											
Lg Cust Act 141 Capped 2005$	2,746,751	$0.00117	$3,215	2,746,751	$0.00117	$3,215	0.00%	2,746,751	$0.00117	$3,215	0.00%
Lg Cust Credits to comply w/Act 141	2,746,751	-$0.00178	-$4,889	2,746,751	-$0.00151	-$4,136	-15.40%	2,746,751	-$0.00151	-$4,136	0.00%
Total Ls-1			**$12,357,120**			**$12,007,196**	**-2.83%**			**$12,010,476**	**0.03%**

WISCONSIN PUBLIC SERVICE CORPORATION - Authorized Electric Rates											
6690-UR-126											
				2020				2021			
Rate Class	Present Rates	Quantity	Revenues	Authorized Rates	Quantity	Revenues	Percent Change	Authorized Rates	Quantity	Revenues	Percent Change
Nature Wise											
NAT-R	$2.40	57,000	$136,800	$2.40	57,000	$136,800	0.00%	$2.40	57,000	$136,800	0.00%
NAT-C	$2.40	27,720	$66,528	$2.40	27,720	$66,528	0.00%	$2.40	27,720	$66,528	0.00%
Total NAT			**$203,328**			**$203,328**	**0.00%**			**$203,328**	**0.00%**
ATS											
Automatic Transfer Switch											
Fixed Charge											
Total Charge	$680.00	60	$40,800	$680.00	60	$40,800	0.00%	$680.00	60	$40,800	0.00%
Maintenance Only	$236.00	168	$39,648	$236.00	168	$39,648	0.00%	$236.00	168	$39,648	0.00%
Total ATS			**$80,448**			**$80,448**	**0.00%**			**$80,448**	**0.00%**
Parallel Generation											
Pg-Solar Fixed Charge	$0.06580	17,977	$1,183	$0.06580	17,977	$1,183	0.00%	$0.06580	17,977	$1,183	0.00%
Pg-BioGas Fixed Charge (Secondary	$1.0027	3285	$3,294	$1.0027	3,285	$3,294	0.00%	$1.0027	3,285	$3,294	0.00%
Pg-BioGas Fixed Charge (Primary)	$1.9167	0	$0	$1.9167	0	$0	0.00%	$1.9167	0	$0	0.00%
Fixed Charge	$0.6575	23,852	$15,683	$0.6575	23,852	$15,683	0.00%	$0.6575	23,852	$15,683	0.00%
Total Pg Revenue*			**$20,159**			**$20,159**	**0.00%**			**$20,159**	**0.00%**

Embedded Credits for Line Extensions		
	2020-2021 Authorized Credits	Units
Rg-1, Rg-3,Rg-5, Rg-RR	$990	per Customer
Cg1, Cg3, and Cg5	$1,633	per Customer
Cg20 and Cp	$35.14	per kW

Act 141 Costs Embedded in Base Rates		
	2020-2021 Embedded Costs	Units
Rg-1, Rg-3, Rg-5, Rg-RR	$0.00164	per kWh
All other Commerical and Lighting Classes	$0.00151	per kWh

Bundled Gas Revenue Summary

WPSC Rate Classes	Volumes	Current Margin & Admin Revenues +	Cost of Gas Revenues	= Rebundled Service Class Revenues	+ Authorized Distribution Reve Change/Class	= Total Bundled Rev. by Dist. Class	Percent Change Rebundled w/ COG	Percent Change Rebundled w/o COG
Residential								
Residential (Rg-3)	256,852,784	$ 84,292,973	$ 91,170,538	$ 175,463,511	$ 6,563,373	$ 182,026,884	3.74%	7.79%
Subtotal	256,852,784	$ 84,292,973	$ 91,170,538	$ 175,463,511	$ 6,563,373	$ 182,026,884	3.74%	7.79%
Commercial & Industrial 1 (0 - 2,000)								
Cg-FST	19,881,411	$ 5,762,701	$ 7,284,251	$ 13,046,952	$ 468,320	$ 13,515,272	3.59%	8.13%
Subtotal	19,881,411	$ 5,762,701	$ 7,284,251	$ 13,046,952	$ 468,320	$ 13,515,272	3.59%	8.13%
Commercial & Industrial 2 (2,001 - 20,000)								
Cg-FS	86,269,895	$ 15,626,922	$ 30,367,826	$ 45,994,748	$ 550,700	$ 46,545,448	1.20%	3.52%
Cg-TS	336,665	$ 58,529	$ -	$ 58,529	$ 3,657	$ 62,186	6.25%	6.25%
Cg-TSA	482,766	$ 67,202	$ -	$ 67,202	$ 5,299	$ 72,501	7.89%	7.89%
Subtotal	87,089,326	$ 15,752,653	$ 30,367,826	$ 46,120,479	$ 559,656	$ 46,680,135	1.21%	3.55%
Commercial & Industrial 3 (20,001- 200,000)								
Cg-FM	56,747,199	$ 7,852,430	$ 19,883,636	$ 27,736,066	$ 182,075	$ 27,918,141	0.66%	2.32%
Cg-IM	2,139,368	$ 191,043	$ 581,404	$ 772,447	$ 57,481	$ 829,928	7.44%	30.09%
Cg-TM	24,755,910	$ 2,424,891	$ -	$ 2,424,891	$ 171,494	$ 2,596,385	7.07%	7.07%
Cg-TMA	10,975,196	$ 1,175,025	$ -	$ 1,175,025	$ 75,757	$ 1,250,782	6.45%	6.45%
Cg-SOS-M	3,006,349	$ 444,472	$ 790,586	$ 1,235,058	$ 77,593	$ 1,312,651	6.28%	17.46%
Subtotal	97,624,022	$ 12,087,861	$ 21,255,626	$ 33,343,487	$ 564,400	$ 33,907,887	1.69%	4.67%
Commercial & Industrial 4 (200,001 - 2,400,000)								
Cg-FL	16,862,355	$ 1,499,996	$ 4,933,988	$ 6,433,984	$ 218,950	$ 6,652,934	3.40%	14.60%
Cg-IL	2,025,309	$ 101,113	$ 530,675	$ 631,788	$ 51,200	$ 682,988	8.10%	50.64%
Cg-TL	130,291,250	$ 7,355,614	$ -	$ 7,355,614	$ 567,951	$ 7,923,565	7.72%	7.72%
Cg-TLA	4,343,678	$ 247,448	$ -	$ 247,448	$ 18,937	$ 266,385	7.65%	7.65%
Cg-SOS-L	-	$ -	$ -	$ -	$ -	$ -	0.00%	0.00%
Subtotal	153,522,592	$ 9,204,171	$ 5,464,663	$ 14,668,834	$ 857,038	$ 15,525,872	5.84%	9.31%
Commercial & Industrial 5 (>2,400,000)								
Cg-ISL	8,508,715	$ 342,785	$ 2,190,274	$ 2,533,059	$ 622	$ 2,533,681	0.02%	0.18%
Cg-TSL & CSR	259,894,730	$ 8,184,313	$ -	$ 8,184,313	$ 620,182	$ 8,804,495	7.58%	
Cg-TSLA	-	$ -	$ -	$ -	$ -	$ -	0.00%	0.00%
Subtotal	268,403,445	$ 8,527,098	$ 2,190,274	$ 10,717,372	$ 620,804	$ 11,338,176	5.79%	7.28%
Interruptible Electric Generation								
Cg-IEGM	-	$ -	$ -	$ -	$ -	$ -		
Cg-IEGL	26,406,640	$ 2,330,916	$ 6,492,211	$ 8,823,127	$ 12,759	$ 8,835,886	0.14%	0.55%
Subtotal	26,406,640	$ 2,330,916	$ 6,492,211	$ 8,823,127	$ 12,759	$ 8,835,886	0.14%	0.55%
Contracted Services	67,215,693	$ 642,870	$ -	$ 642,870	$ (122)	$ 642,748	-0.02%	-0.02%
Total Gas Sales Revenues	**976,995,913**	**$ 138,601,243**	**$ 164,225,389**	**$ 302,826,632**	**$ 9,646,228**	**$ 312,472,860**	**3.19%**	**6.96%**
Total Gas Operating Revenue				**$ 302,826,632**		**$ 312,472,860**	**3.19%**	

Wisconsin Public Service Corporation
Proposed and Current Rates
for the test year ended December 31, 2020

Residential Service and Commercial FST (0 to 2,000 therms annually) Service

2020 Proposed Rates

Rates - Description	Firm Sales	Firm Seasonal Sales	Seasonal Opportunity Interruptible Sales	Elec. Gen. Interruptible Sales	Interruptible Sales	Transportation
Daily Facilities Charge	$ 0.5589	$ 1.1178	NA	NA	NA	$ 0.5589
Enhanced Telemetry Service	$ -	$ -				$ 0.1973
Transportation Administrative	$ 1.40	$ 2.80	NA	NA	NA	$ 0.92
Daily Demand Charge	$ -		NA	NA	NA	$ -
Distribution Margin per therm	$ 0.0886	$ 0.0886	NA	NA	NA	$ 0.0886
Competitive Supply Margin	$ 0.0253	$ 0.0253	NA	NA	NA	$ -
Daily Balancing Margin	$ 0.0003	$ 0.0003	NA	NA	NA	$ 0.0003
Peak Day Margin	$ 0.0009	$ 0.0009	NA	NA	NA	$ -
Other Margin						
Total All Margin Rates	$ 0.1151	$ 0.1151	NA	NA	NA	$ 0.0889
Peak Demand	$ 0.0960	$ 0.0960	NA	NA	NA	$ -
Annual Demand	$ 0.0127	$ 0.0127	NA	NA	NA	$ -
Balancing	$ 0.0033	$ 0.0033	NA	NA	NA	$ -
Commodity	$ 0.2564	$ 0.2564	NA	NA	NA	$ -
Total Natural Gas Rate Per Therm	$ 0.3684	$ 0.3684	NA	NA	NA	$ -
Total Rate	$ 0.4835	$ 0.4835	NA	NA	NA	$ 0.0889
		$ -				
EDIT Credit	$ 0.0137	$ 0.0137	NA	NA	NA	$ 0.0137
Act 141 Surcharge Rate	$ 0.0056	$ 0.0056	NA	NA	NA	$ 0.0056

NA = Not Available

2019 Current Rates

Rates - Description	Firm Sales	Firm Seasonal Sales	Seasonal Opportunity Interruptible Sales	Elec. Gen. Interruptible Sales	Interruptible Sales	Transportation
Daily Facilities Charge	$ 0.5589	$ 1.1178	NA	NA	NA	$ 0.5589
Enhanced Telemetry Service		$ -				$ 0.1973
Transportation Administrative	$ -	$ -	NA	NA	NA	$ 0.9205
Daily Demand Charge	$ -		NA	NA	NA	$ -
Distribution Margin per therm	$ 0.0554	$ 0.0554	NA	NA	NA	$ 0.0554
Competitive Supply Margin	$ 0.0098	$ 0.0098	NA	NA	NA	$ -
Daily Balancing Margin	$ 0.0005	$ 0.0005	NA	NA	NA	$ 0.0005
Peak Day Margin	$ -	$ -	NA	NA	NA	$ -
Other Margin						
Total All Margin Rates	$ 0.0657	$ 0.0657	NA	NA	NA	$ 0.0559
Peak Demand	$ 0.0960	$ 0.0960	NA	NA	NA	$ -
Annual Demand	$ 0.0127	$ 0.0127	NA	NA	NA	$ -
Balancing	$ 0.0033	$ 0.0033	NA	NA	NA	$ -
Commodity	$ 0.2564	$ 0.2564	NA	NA	NA	$ -
Total Natural Gas Rate Per Therm	$ 0.3684	$ 0.3684	NA	NA	NA	$ -
Total Rate	$ 0.4341	$ 0.4341	NA	NA	NA	$ 0.0559
EDIT Credit	$ -	$ -	NA	NA	NA	$ -
Act 141 Surcharge Rate	$ 0.0065	$ 0.0065	NA	NA	NA	$ 0.0065

NA = Not Available

Proposed Change in Rates

Rates - Description	Firm Sales	Firm Seasonal Sales	Seasonal Opportunity Interruptible Sales	Elec. Gen. Interruptible Sales	Interruptible Sales	Transportation
Daily Facilities Charge	$ -	$ -	NA	NA	NA	$ -
Enhanced Telemetry Service						$ -
Transportation Administrative	$ -	$ -	NA	NA	NA	$ -
Daily Demand Charge	$ -	$ -	NA	NA	NA	$ -
Distribution Margin per therm	$ 0.0332	$ 0.0332	NA	NA	NA	$ 0.0332
Competitive Supply Margin	$ 0.0155	$ 0.0155	NA	NA	NA	$ -
Daily Balancing Margin	$ (0.0002)	$ (0.0002)	NA	NA	NA	$ (0.0002)
Peak Day Margin	$ 0.0009	$ 0.0009	NA	NA	NA	$ -
Other Margin						
Total All Margin Rates	$ 0.0494	$ 0.0494	NA	NA	NA	$ 0.0330
Peak Demand	$ -	$ -	NA	NA	NA	$ -
Annual Demand	$ -	$ -	NA	NA	NA	$ -
Balancing	$ -	$ -	NA	NA	NA	$ -
Commodity	$ -	$ -	NA	NA	NA	$ -
Total Natural Gas Rate Per Therm	$ -	$ -	NA	NA	NA	$ -
Total Rate	$ 0.0494	$ 0.0494	NA	NA	NA	$ 0.0330
EDIT Credit	$ 0.0137	$ 0.0137	NA	NA	NA	$ 0.0137
Act 141 Surcharge Rate	$ (0.0009)	$ (0.0009)	NA	NA	NA	$ (0.0009)

NA = Not Available

CG-FS Commercial Industrial Small 2,001 to 20,000 Therms Annually

2020 Proposed Rates

Rates - Description	Firm Sales	Firm Seasonal Sales	Seasonal Opportunity Interruptible Sales	Elec. Gen. Interruptible Sales	Interruptible Sales	Transportation
Daily Facilities Charge	$ 0.9863	$ 1.9726	NA	NA	NA	$ 0.9863
Enhanced Telemetry Service		$ -				$ 0.1973
Transportation Administrative	$ -	$ -	NA	NA	NA	$ 0.92
Daily Demand Charge	$ -		NA	NA	NA	$ -
Distribution Margin per therm	$ 0.1023	$ 0.1023	NA	NA	NA	$ 0.1023
Competitive Supply Margin	$ 0.0253	$ 0.0253	NA	NA	NA	$ -
Daily Balancing Margin	$ 0.0003	$ 0.0003	NA	NA	NA	$ 0.0003
Peak Day Margin	$ 0.0009	$ 0.0009	NA	NA	NA	$ -
Other Margin						
Total All Margin Rates	$ 0.1288	$ 0.1288	NA	NA	NA	$ 0.1026
Peak Demand	$ 0.0960	$ 0.0960	NA	NA	NA	$ -
Annual Demand	$ 0.0127	$ 0.0127	NA	NA	NA	$ -
Balancing	$ 0.0033	$ 0.0033	NA	NA	NA	
Commodity	$ 0.2564	$ 0.2564	NA	NA	NA	$ -
Total Natural Gas Rate Per Therm	$ 0.3684	$ 0.3684	NA	NA	NA	$ -
Total Rate	$ 0.4972	$ 0.4972	NA	NA	NA	$ 0.1026
EDIT Credit	$ 0.0048	$ 0.0048	NA	NA	NA	$ 0.0048
Act 141 Surcharge Rate	$ 0.0053	$ 0.0053	NA	NA	NA	$ 0.0053

NA = Not Available

2019 Current Rates

Rates - Description	Firm Sales	Firm Seasonal Sales	Seasonal Opportunity Interruptible Sales	Elec. Gen. Interruptible Sales	Interruptible Sales	Transportation
Daily Facilities Charge	$ 0.9863	$ 1.9726	NA	NA	NA	$ 0.9863
Enhanced Telemetry Service		$ -				$ 0.1973
Transportation Administrative	$ -	$ -	NA	NA	NA	$ 0.9205
Daily Demand Charge	$ -		NA	NA	NA	$ -
Distribution Margin per therm	$ 0.0910	$ 0.0910	NA	NA	NA	$ 0.0910
Competitive Supply Margin	$ 0.0081	$ 0.0081	NA	NA	NA	$ -
Daily Balancing Margin	$ 0.0005	$ 0.0005	NA	NA	NA	$ 0.0005
Peak Day Margin	$ -	$ -	NA	NA	NA	$ -
Other Margin						
Total All Margin Rates	$ 0.0996	$ 0.0996	NA	NA	NA	$ 0.0915
Peak Demand	$ 0.0960	$ 0.0960	NA	NA	NA	$ -
Annual Demand	$ 0.0127	$ 0.0127	NA	NA	NA	$ -
Balancing	$ 0.0033	$ 0.0033	NA	NA	NA	
Commodity	$ 0.2564	$ 0.2564	NA	NA	NA	$ -
Total Natural Gas Rate Per Therm	$ 0.3684	$ 0.3684	NA	NA	NA	$ -
Total Rate	$ 0.4680	$ 0.4680	NA	NA	NA	$ 0.0915
EDIT Credit	$ -	$ -	NA	NA	NA	$ -
Act 141 Surcharge Rate	$ 0.0055	$ 0.0055	NA	NA	NA	$ 0.0055

NA = Not Available

Proposed Change in Rates

Rates - Description	Firm Sales	Firm Seasonal Sales	Seasonal Opportunity Interruptible Sales	Elec. Gen. Interruptible Sales	Interruptible Sales	Transportation
Daily Facilities Charge	$ -	$ -	NA	NA	NA	$ -
Enhanced Telemetry Service						$ -
Transportation Administrative	$ -	$ -	NA	NA	NA	$ -
Daily Demand Charge	$ -	$ -	NA	NA	NA	$ -
Distribution Margin per therm	$ 0.0113	$ 0.0113	NA	NA	NA	$ 0.0113
Competitive Supply Margin	$ 0.0172	$ 0.0172	NA	NA	NA	$ -
Daily Balancing Margin	$ (0.0002)	$ (0.0002)	NA	NA	NA	$ (0.0002)
Peak Day Margin	$ 0.0009	$ 0.0009	NA	NA	NA	$ -
Other Margin						
Total All Margin Rates	$ 0.0292	$ 0.0292	NA	NA	NA	$ 0.0111
Peak Demand	$ -	$ -	NA	NA	NA	$ -
Annual Demand	$ -	$ -	NA	NA	NA	$ -
Balancing			NA	NA	NA	
Commodity	$ -	$ -	NA	NA	NA	$ -
Total Natural Gas Rate Per Therm	$ -	$ -	NA	NA	NA	$ -
Total Rate	$ 0.0292	$ 0.0292	NA	NA	NA	$ 0.0111
EDIT Credit	$ 0.0048	$ 0.0048	NA	NA	NA	$ 0.0048
Act 141 Surcharge Rate	$ (0.0002)	$ (0.0002)	NA	NA	NA	$ (0.0002)

NA = Not Available

Reflects natural gas rate per therm at proposed natural gas cost rates.

Wisconsin Public Service Corporation
Proposed and Current Rates
for the test year ended December 31, 2020

CG-{FM,IM} Commercial Industrial Medium 20,001 to 200,000 Therms Annually

2020 Proposed Rates

Rates - Description	Firm Sales	Firm Seasonal Sales	Seasonal Opportunity Interruptible Sales	Elec. Gen. Interruptible Sales	Interruptible Sales	Transportation
Daily Facitilties Charge	$ 4.9315	$ 9.8630	$ 4.9315	$ 4.9315	$ 4.9315	$ 4.9315
Enhanced Telemetry Service		$ -		$ 0.1973	$ 0.1973	$ 0.1973
Transportation Administrative	$ -	$ -		$ -	$ -	$ 0.92
Daily Demand Charge	$ -			$ -	$ -	$ -
Distribution Margin per therm	$ 0.0780	$ 0.0780	$ 0.0780	$ 0.0780	$ 0.0780	$ 0.0780
Competitive Supply Margin	$ 0.0253	$ 0.0253	$ 0.0253		$ 0.0253	$ -
Daily Balancing Margin	$ 0.0003	$ 0.0003	$ 0.0003	$ 0.0003	$ 0.0003	$ 0.0003
Peak Day Margin	$ 0.0009	$ 0.0009	$ -	$ -	$ -	$ -
Other Margin						
Total All Margin Rates	$ 0.1045	$ 0.1045	$ 0.1036	$ 0.0783	$ 0.1036	$ 0.0783
Peak Demand	$ 0.0960	$ 0.0960	$ 0.0960	$ -	$ -	$ -
Annual Demand	$ 0.0127	$ 0.0127	$ 0.0127	$ 0.0127	$ 0.0127	$ -
Balancing	$ 0.0033	$ 0.0033	$ 0.0033	$ 0.2566	$ 0.2566	$ -
Commodity	$ 0.2564	$ 0.2564	$ 0.2564	$ 0.2693	$ 0.2693	$ -
Total Natural Gas Rate Per Therm	$ 0.3684	$ 0.3684	$ 0.3684	$ 0.5386	$ 0.5386	$ -
Total Rate	$ 0.3609	$ 0.4729	$ 0.4720	$ 0.3476	$ 0.3729	$ 0.0783
EDIT Credit	$ 0.0032	$ 0.0032	$ 0.0032	$ 0.0032	$ 0.0032	$ 0.0032
Act 141 Surcharge Rate	$ 0.0053	$ 0.0053	$ 0.0053	$ 0.0074	$ 0.0074	$ 0.0074

NA = Not Available

2019 Current Rates

Rates - Description	Firm Sales	Firm Seasonal Sales	Seasonal Opportunity Interruptible Sales	Elec. Gen. Interruptible Sales	Interruptible Sales	Transportation
Daily Facitilties Charge	$ 4.9315	$ 9.8630	$ 4.9315	$ 4.9315	$ 4.9315	$ 4.9315
Enhanced Telemetry Service		$ -		$ 0.1973	$ 0.1973	$ 0.1973
Transportation Administrative	$ -	$ -		$ -	$ -	$ 0.9205
Daily Demand Charge	$ -			$ -	$ -	$ -
Distribution Margin per therm	$ 0.0708	$ 0.0708	$ 0.0708	$ 0.0708	$ 0.0708	$ 0.0708
Competitive Supply Margin	$ 0.0075	$ 0.0063	$ 0.0063	$ 0.0063	$ 0.0063	$ -
Daily Balancing Margin	$ 0.0005	$ 0.0005	$ 0.0005	$ 0.0005	$ 0.0005	$ 0.0005
Peak Day Margin	$ -	$ -	$ -	$ -	$ -	$ -
Other Margin						
Total All Margin Rates	$ 0.0788	$ 0.0776	$ 0.0776	$ 0.0776	$ 0.0776	$ 0.0713
Peak Demand	$ 0.0960	$ 0.0960	$ 0.0960	$ -	$ -	$ -
Annual Demand	$ 0.0127	$ 0.0127	$ 0.0127	$ 0.0127	$ 0.0127	$ -
Balancing	$ 0.0033	$ 0.0033	$ 0.0033	$ 0.2566	$ 0.2566	$ -
Commodity	$ 0.2564	$ 0.2564	$ 0.2564	$ 0.2693	$ 0.2693	$ -
Total Natural Gas Rate Per Therm	$ 0.3684	$ 0.3684	$ 0.3684	$ 0.5386	$ 0.5386	$ -
Total Rate	$ 0.3352	$ 0.4460	$ 0.4460	$ 0.3469	$ 0.3469	$ 0.0713
EDIT Credit	$ -	$ -	$ -	$ -	$ -	$ -
Act 141 Surcharge Rate	$ 0.0055	$ 0.0055	$ 0.0055	$ 0.0055	$ 0.0055	$ 0.0055

NA = Not Available

Proposed Change in Rates

Rates - Description	Firm Sales	Firm Seasonal Sales	Seasonal Opportunity Interruptible Sales	Elec. Gen. Interruptible Sales	Interruptible Sales	Transportation
Daily Facitilties Charge	$ -	$ -	$ -	$ -	$ -	$ -
Enhanced Telemetry Service						$ -
Transportation Administrative	$ -	$ -	$ -	$ -	$ -	$ -
Daily Demand Charge	$ -	$ -	$ -	$ -	$ -	$ -
Distribution Margin per therm	$ 0.0072	$ 0.0072	$ 0.0072	$ 0.0072	$ 0.0072	$ 0.0072
Competitive Supply Margin	$ 0.0178	$ 0.0190	$ 0.0190	$ (0.0063)	$ 0.0190	$ -
Daily Balancing Margin	$ (0.0002)	$ (0.0002)	$ (0.0002)	$ (0.0002)	$ (0.0002)	$ (0.0002)
Peak Day Margin	$ 0.0009	$ 0.0009	$ -	$ -	$ -	$ -
Other Margin						
Total All Margin Rates	$ 0.0257	$ 0.0269	$ 0.0260	$ 0.0007	$ 0.0260	$ 0.0070
Peak Demand	$ -	$ -	$ -	$ -	$ -	$ -
Annual Demand	$ -	$ -	$ -	$ -	$ -	$ -
Balancing						
Commodity	$ -	$ -	$ -	$ -	$ -	$ -
Total Natural Gas Rate Per Therm	$ -	$ -	$ -	$ -	$ -	$ -
Total Rate	$ 0.0257	$ 0.0269	$ 0.0260	$ 0.0007	$ 0.0260	$ 0.0070
EDIT Credit	$ 0.0032	$ 0.0032	$ 0.0032	$ 0.0032	$ 0.0032	$ 0.0032
Act 141 Surcharge Rate	$ (0.0002)	$ (0.0002)	$ (0.0002)	$ 0.0019	$ 0.0019	$ 0.0019

NA = Not Available

CG-{FL,IL} Commercial Industrial Large 200,001 to 2,400,000 Therms Annually

2020 Proposed Rates

Rates - Description	Firm Sales	Firm Seasonal Sales	Seasonal Opportunity Interruptible Sales	Elec. Gen. Interruptible Sales	Interruptible Sales	Transportation
Daily Facitilties Charge	$ 21.3698	$ 42.7396	$ 21.3698	NA	$ 21.3698	$ 21.3698
Enhanced Telemetry Service	$ 0.1973	$ 0.3946	$ 0.1973		$ 0.1973	$ 0.1973
Transportation Administrative	$ -	$ -		NA	$ -	$ 0.92
Daily Demand Charge	$ 0.1475	$ 0.1475	$ 0.1475	NA	$ 0.1475	$ 0.1475
Distribution Margin per therm	$ 0.0377	$ 0.0377	$ 0.0377	NA	$ 0.0377	$ 0.0377
Competitive Supply Margin	$ 0.0253	$ 0.0253	$ 0.0253	NA	$ 0.0253	$ -
Daily Balancing Margin	$ 0.0003	$ 0.0003	$ 0.0003	NA	$ 0.0003	$ 0.0003
Peak Day Margin	$ 0.0009	$ 0.0009	$ -	NA	$ -	$ -
Other Margin						
Total All Margin Rates	$ 0.0642	$ 0.0642	$ 0.0633	NA	$ 0.0633	$ 0.0380
Peak Demand	$ 0.0960	$ 0.0960	$ 0.0960	NA	$ -	$ -
Annual Demand	$ 0.0127	$ 0.0127	$ 0.0127	NA	$ 0.0127	$ -
Balancing	$ 0.0033	$ 0.0033	$ 0.0033	NA	$ 0.0033	$ -
Commodity	$ 0.2564	$ 0.2564	$ 0.2564	NA	$ 0.2564	$ -
Total Natural Gas Rate Per Therm	$ 0.3684	$ 0.3684	$ 0.3684	NA	$ 0.2724	$ -
Total Rate	$ 0.3206	$ 0.4326	$ 0.4317	NA	$ 0.3197	$ 0.0380
EDIT Credit	0.0023	$ 0.0023	$ 0.0023	NA	$ 0.0023	$ 0.0023
Act 141 Surcharge Rate	$ 0.0053	$ 0.0053	$ 0.0053	NA	$ 0.0053	$ 0.0053

2019 Current Rates

Rates - Description	Firm Sales	Firm Seasonal Sales	Seasonal Opportunity Interruptible Sales	Elec. Gen. Interruptible Sales	Interruptible Sales	Transportation
Daily Facitilties Charge	$ 21.3698	$ 42.7396	$ 21.3698	NA	$ 21.3698	$ 21.3698
Enhanced Telemetry Service	$ 0.1973	$ 0.3946	$ 0.1973		$ 0.1973	$ 0.1973
Transportation Administrative	$ -	$ -		NA	$ -	$ 0.9205
Daily Demand Charge	$ 0.1475	$ 0.1475	0.1475	NA	$ 0.1475	$ 0.1475
Distribution Margin per therm	$ 0.0331	$ 0.0331	$ 0.0331	NA	$ 0.0331	$ 0.0331
Competitive Supply Margin	$ 0.0058	$ 0.0053	$ 0.0053	NA	$ 0.0053	$ -
Daily Balancing Margin	$ 0.0005	$ 0.0005	$ 0.0005	NA	$ 0.0005	$ 0.0005
Peak Day Margin	$ -	$ -	$ -	NA	$ -	$ -
Other Margin						
Total All Margin Rates	$ 0.0394	$ 0.0389	$ 0.0389	NA	$ 0.0389	$ 0.0336
Peak Demand	$ 0.0960	$ 0.0960	$ 0.0960	NA	$ -	$ -
Annual Demand	$ 0.0127	$ 0.0127	$ 0.0127	NA	$ 0.0127	$ -
Balancing	$ 0.0033	$ 0.0033	$ 0.0033	NA	$ 0.0033	$ -
Commodity	$ 0.2564	$ 0.2564	$ 0.2564	NA	$ 0.2564	$ -
Total Natural Gas Rate Per Therm	$ 0.3684	$ 0.3684	$ 0.3684	NA	$ 0.2724	$ -
Total Rate	$ 0.2958	$ 0.4073	$ 0.4073	NA	$ 0.2953	$ 0.0336
EDIT Credit	$ -	$ -	$ -	NA	$ -	$ -
Act 141 Surcharge Rate	$ 0.0055	$ 0.0055	$ 0.0055	NA	$ 0.0055	$ 0.0055

Proposed Change in Rates

Rates - Description	Firm Sales	Firm Seasonal Sales	Seasonal Opportunity Interruptible Sales	Elec. Gen. Interruptible Sales	Interruptible Sales	Transportation
Daily Facitilties Charge	$ -	$ -	$ -	NA	$ -	$ -
Enhanced Telemetry Service						$ -
Transportation Administrative	$ -	$ -	$ -	NA	$ -	$ -
Daily Demand Charge	$ -	$ -	$ -	NA	$ -	$ -
Distribution Margin per therm	$ 0.0046	$ 0.0046	$ 0.0046	NA	$ 0.0046	$ 0.0046
Competitive Supply Margin	$ 0.0195	$ 0.0200	$ 0.0200	NA	$ 0.0200	$ -
Daily Balancing Margin	$ (0.0002)	$ (0.0002)	$ (0.0002)	NA	$ (0.0002)	$ (0.0002)
Peak Day Margin	$ 0.0009	$ 0.0009	$ -	NA	$ -	$ -
Other Margin						
Total All Margin Rates	$ 0.0248	$ 0.0253	$ 0.0244	NA	$ 0.0244	$ 0.0044
Peak Demand	$ -	$ -	$ -	NA	$ -	$ -
Annual Demand	$ -	$ -	$ -	NA	$ -	$ -
Balancing				NA		
Commodity	$ -	$ -	$ -	NA	$ -	$ -
Total Natural Gas Rate Per Therm	$ -	$ -	$ -	NA	$ -	$ -
Total Rate	$ 0.0248	$ 0.0253	$ 0.0244	NA	$ 0.0244	$ 0.0044
EDIT Credit	$ 0.0023	$ 0.0023	$ 0.0023	NA	$ 0.0023	$ 0.0023
Act 141 Surcharge Rate	$ (0.0002)	$ (0.0002)	$ (0.0002)	NA	$ (0.0002)	$ (0.0002)

Reflects natural gas rate per therm at proposed natural gas cost rates.

Wisconsin Public Service Corporation
Proposed and Current Rates
for the test year ended December 31, 2020

CG-SL Commercial Industrial Super Large Over 2,400,000 Therms Annually

2020 Proposed Rates

Rates - Description	Firm Sales	Firm Seasonal Sales	Seasonal Opportunity Interruptible Sales	Elec. Gen. Interruptible Sales	Interruptible Sales	Transportation
Daily Facitilties Charge	NA	NA	NA	NA	$ 121.8411	$ 121.8411
Enhanced Telemetry Service					$ 0.1973	$ 0.1973
Transportation Administrative	NA	NA	NA	NA	$ -	$ 0.92
Daily Demand Charge	NA	NA	NA	NA	$ 0.1000	$ 0.1000
Distribution Margin per therm	NA	NA	NA	NA	$ 0.0235	$ 0.0235
Competitive Supply Margin	NA	NA	NA	NA	$ 0.0253	$ -
Daily Balancing Margin	NA	NA	NA	NA	$ 0.0003	$ 0.0003
Peak Day Margin	NA	NA	NA	NA	$ -	$ -
Other Margin						
Total All Margin Rates	NA	NA	NA	NA	$ 0.0491	$ 0.0238
Peak Demand	NA	NA	NA	NA	$ -	$ -
Annual Demand	NA	NA	NA	NA	$ 0.0127	$ -
Balancing					$ 0.0033	
Commodity	NA	NA	NA	NA	$ 0.2564	$ -
Total Natural Gas Rate Per Therm	NA	NA	NA	NA	$ 0.2724	$ -
Total Rate	NA	NA	NA	NA	$ 0.3215	$ 0.0238
EDIT Credit	NA	NA	NA	NA	$ 0.0012	$ 0.0012
Act 141 Surcharge Rate	NA	NA	NA	NA	$ 0.0053	$ 0.0053

2019 Current Rates

Rates - Description	Firm Sales	Firm Seasonal Sales	Seasonal Opportunity Interruptible Sales	Elec. Gen. Interruptible Sales	Interruptible Sales	Transportation
Daily Facitilties Charge	NA	NA	NA	NA	$ 121.8411	$ 121.8411
Enhanced Telemetry Service					$ 0.1973	$ 0.1973
Transportation Administrative	NA	NA	NA	NA	$ -	$ 0.9205
Daily Demand Charge	NA	NA	NA	NA	$ 0.1000	$ 0.1000
Distribution Margin per therm	NA	NA	NA	NA	$ 0.0209	$ 0.0209
Competitive Supply Margin	NA	NA	NA	NA	$ 0.0051	$ -
Daily Balancing Margin	NA	NA	NA	NA	$ 0.0005	$ 0.0005
Peak Day Margin	NA	NA	NA	NA	$ -	$ -
Other Margin						
Total All Margin Rates	NA	NA	NA	NA	$ 0.0265	$ 0.0214
Peak Demand	NA	NA	NA	NA	$ -	$ -
Annual Demand	NA	NA	NA	NA	$ 0.0127	$ -
Balancing					$ 0.0033	
Commodity	NA	NA	NA	NA	$ 0.2564	$ -
Total Natural Gas Rate Per Therm	NA	NA	NA	NA	$ 0.2724	$ -
Total Rate	NA	NA	NA	NA	$ 0.2989	$ 0.0214
EDIT Credit	NA	NA	NA	NA	$ -	$ -
Act 141 Surcharge Rate	NA	NA	NA	NA	$ 0.0055	$ 0.0055

Proposed Change in Rates

Rates - Description	Firm Sales	Firm Seasonal Sales	Seasonal Opportunity Interruptible Sales	Elec. Gen. Interruptible Sales	Interruptible Sales	Transportation
Daily Facitilties Charge	NA	NA	NA	NA	$ -	$ -
Enhanced Telemetry Service						$ -
Transportation Administrative	NA	NA	NA	NA	$ -	$ -
Daily Demand Charge	NA	NA	NA	NA	$ -	$ -
Distribution Margin per therm	NA	NA	NA	NA	$ 0.0026	$ 0.0026
Competitive Supply Margin	NA	NA	NA	NA	$ 0.0202	$ -
Daily Balancing Margin	NA	NA	NA	NA	$ (0.0002)	$ (0.0002)
Peak Day Margin	NA	NA	NA	NA	$ -	$ -
Other Margin						
Total All Margin Rates	NA	NA	NA	NA	$ 0.0226	$ 0.0024
Peak Demand	NA	NA	NA	NA	$ -	$ -
Annual Demand	NA	NA	NA	NA	$ -	$ -
Balancing						
Commodity	NA	NA	NA	NA	$ -	$ -
Total Natural Gas Rate Per Therm	NA	NA	NA	NA	$ -	$ -
Total Rate	NA	NA	NA	NA	$ 0.0226	$ 0.0024
EDIT Credit	NA	NA	NA	NA	$ 0.0012	$ 0.0012
Act 141 Surcharge Rate	NA	NA	NA	NA	$ (0.0002)	$ (0.0002)

CG-IEGL Commercial Industrial Interruptible Electric Generation Large Over 200,000 Therms Annually

2020 Proposed Rates

Rates - Description	Firm Sales	Firm Seasonal Sales	Seasonal Opportunity Interruptible Sales	Elec. Gen. Interruptible Sales	Interruptible Sales	Transportation
Daily Facitilties Charge	NA	NA	NA	$ 229.9726	NA	$ 229.9726
Enhanced Telemetry Service				$ 0.1973		$ 0.1973
Transportation Administrative	NA	NA	NA	$ -	NA	$ 0.92
Daily Demand Charge	NA	NA	NA	$ 0.0662	NA	$ 0.0662
Distribution Margin per therm	NA	NA	NA	$ 0.0124	NA	$ 0.0124
Competitive Supply Margin	NA	NA	NA	$ 0.0033	NA	$ -
Daily Balancing Margin	NA	NA	NA	$ 0.0003	NA	$ 0.0003
Peak Day Margin	NA	NA	NA	$ -	NA	$ -
Other Margin						
Total All Margin Rates	NA	NA	NA	$ 0.0160	NA	$ 0.0127
Peak Demand	NA	NA	NA	$ -	NA	$ -
Annual Demand	NA	NA	NA	$ 0.0127	NA	$ -
Balancing				$ 0.0033		
Commodity	NA	NA	NA	$ 0.2564	NA	$ -
Total Natural Gas Rate Per Therm	NA	NA	NA	$ 0.2724	NA	$ -
Total Rate	NA	NA	NA	$ 0.2884	NA	$ 0.0127
EDIT Credit	NA	NA	NA	$ 0.0027	NA	$ 0.0027
Act 141 Surcharge Rate	NA	NA	NA	$ 0.0053	NA	$ 0.0053

2019 Current Rates

Rates - Description	Firm Sales	Firm Seasonal Sales	Seasonal Opportunity Interruptible Sales	Elec. Gen. Interruptible Sales	Interruptible Sales	Transportation
Daily Facitilties Charge	NA	NA	NA	$ 229.9726	NA	$ 229.9726
Enhanced Telemetry Service				$ 0.1973		$ 0.1973
Transportation Administrative	NA	NA	NA	$ -	NA	$ 0.9205
Daily Demand Charge	NA	NA	NA	$ 0.0662	NA	$ 0.0662
Distribution Margin per therm	NA	NA	NA	$ 0.0103	NA	$ 0.0103
Competitive Supply Margin	NA	NA	NA	$ 0.0051	NA	$ -
Daily Balancing Margin	NA	NA	NA	$ 0.0005	NA	$ 0.0005
Peak Day Margin	NA	NA	NA	$ -	NA	$ -
Other Margin						
Total All Margin Rates	NA	NA	NA	$ 0.0159	NA	$ 0.0108
Peak Demand	NA	NA	NA	$ -	NA	$ -
Annual Demand	NA	NA	NA	$ 0.0127	NA	$ -
Balancing				$ 0.0033		
Commodity	NA	NA	NA	$ 0.2564	NA	$ -
Total Natural Gas Rate Per Therm	NA	NA	NA	$ 0.2724	NA	$ -
Total Rate	NA	NA	NA	$ 0.2883	NA	$ 0.0108
EDIT Credit	NA	NA	NA	$ -	NA	$ -
Act 141 Surcharge Rate	NA	NA	NA	$ 0.0055	NA	$ 0.0055

Proposed Change in Rates

Rates - Description	Firm Sales	Firm Seasonal Sales	Seasonal Opportunity Interruptible Sales	Elec. Gen. Interruptible Sales	Interruptible Sales	Transportation
Daily Facitilties Charge	NA	NA	NA	$ -	NA	$ -
Enhanced Telemetry Service						$ -
Transportation Administrative	NA	NA	NA	$ -	NA	$ -
Daily Demand Charge	NA	NA	NA	$ -	NA	$ -
Distribution Margin per therm	NA	NA	NA	$ 0.0021	NA	$ 0.0021
Competitive Supply Margin	NA	NA	NA	$ (0.0018)	NA	$ -
Daily Balancing Margin	NA	NA	NA	$ (0.0002)	NA	$ (0.0002)
Peak Day Margin	NA	NA	NA	$ -	NA	$ -
Other Margin						
Total All Margin Rates	NA	NA	NA	$ 0.0001	NA	$ 0.0019
Peak Demand	NA	NA	NA	$ -	NA	$ -
Annual Demand	NA	NA	NA	$ -	NA	$ -
Balancing						
Commodity	NA	NA	NA	$ -	NA	$ -
Total Natural Gas Rate Per Therm	NA	NA	NA	$ -	NA	$ -
Total Rate	NA	NA	NA	$ 0.0001	NA	$ 0.0019
EDIT Credit	NA	NA	NA	$ 0.0027	NA	$ 0.0027
Act 141 Surcharge Rate	NA	NA	NA	$ (0.0002)	NA	$ (0.0002)

NA = Not Available

NA = Not Available

Reflects natural gas rate per therm at proposed natural gas cost rates.

Wisconsin Public Service Corporation
Proposed and Current Rates
for the test year ended December 31, 2020

CG-XSL Commercial Industrial Extra Super Large Over 15,000,000 Therms Annually

2021 Proposed Rates

Rates - Description	Firm Sales	Firm Seasonal Sales	Seasonal Opportunity Interruptible Sales	Elec. Gen. Interruptible Sales	Interruptible Sales	Transportation
Daily Facitilties Charge	NA	NA	NA	NA	$ 978.00	$ 978.00
Enhanced Telemetry Service					$ 0.1973	$ 0.1973
Transportation Administrative	NA	NA	NA	NA	$ -	$ 0.9205
Daily Demand Charge	NA	NA	NA	NA	$ 0.0425	$ 0.0425
Distribution Margin per therm	NA	NA	NA	NA	$ 0.0044	$ 0.0044
Competitive Supply Margin	NA	NA	NA	NA	$ 0.0033	$ -
Daily Balancing Margin	NA	NA	NA	NA	$ 0.0003	$ 0.0003
Peak Day Margin	NA	NA	NA	NA	$ -	$ -
Other Margin						
Total All Margin Rates	NA	NA	NA	NA	$ 0.0080	$ 0.0047
Peak Demand	NA	NA	NA	NA	$ -	$ -
Annual Demand	NA	NA	NA	NA	$ 0.0127	$ -
Balancing	NA	NA	NA	NA	$ 0.0033	
Commodity	NA	NA	NA	NA	$ 0.2564	$ -
Total Natural Gas Rate Per Therm	NA	NA	NA	NA	$ 0.2724	$ -
Total Rate	NA	NA	NA	NA	$ 0.2804	$ 0.0047
EDIT Credit	NA	NA	NA	NA	$ 0.0012	$ 0.0012
Act 141 Surcharge Rate	NA	NA	NA	NA	$ 0.0053	$ 0.0053

NA = Not Available

2020 Proposed Rates

Rates - Description	Firm Sales	Firm Seasonal Sales	Seasonal Opportunity Interruptible Sales	Elec. Gen. Interruptible Sales	Interruptible Sales	Transportation
Daily Facitilties Charge	NA	NA	NA	NA	$ 121.8411	$ 121.8411
Enhanced Telemetry Service					$ 0.1973	$ 0.1973
Transportation Administrative	NA	NA	NA	NA	$ -	$ 0.9205
Daily Demand Charge	NA	NA	NA	NA	$ 0.1000	$ 0.1000
Distribution Margin per therm	NA	NA	NA	NA	$ 0.0279	$ 0.0279
Competitive Supply Margin	NA	NA	NA	NA	$ 0.0060	$ -
Daily Balancing Margin	NA	NA	NA	NA	$ 0.0003	$ 0.0003
Peak Day Margin	NA	NA	NA	NA	$ -	$ -
Other Margin						
Total All Margin Rates	NA	NA	NA	NA	$ 0.0342	$ 0.0282
Peak Demand	NA	NA	NA	NA	$ -	$ -
Annual Demand	NA	NA	NA	NA	$ 0.0127	$ -
Balancing					$ 0.0033	
Commodity	NA	NA	NA	NA	$ 0.2564	$ -
Total Natural Gas Rate Per Therm	NA	NA	NA	NA	$ 0.2724	$ -
Total Rate	NA	NA	NA	NA	$ 0.3066	$ 0.0282
EDIT Credit	NA	NA	NA	NA	$ 0.0014	$ 0.0014
Act 141 Surcharge Rate	NA	NA	NA	NA	$ 0.0053	$ 0.0053

Proposed Change in Rates

Rates - Description	Firm Sales	Firm Seasonal Sales	Seasonal Opportunity Interruptible Sales	Elec. Gen. Interruptible Sales	Interruptible Sales	Transportation
Daily Facitilties Charge	NA	NA	NA	NA	$ 856.1589	$ 856.1589
Enhanced Telemetry Service					$ -	$ -
Transportation Administrative	NA	NA	NA	NA	$	-
Daily Demand Charge	NA	NA	NA	NA	$ (0.0575)	$ (0.0575)
Distribution Margin per therm	NA	NA	NA	NA	$ (0.0235)	$ (0.0235)
Competitive Supply Margin	NA	NA	NA	NA	$ (0.0027)	$ -
Daily Balancing Margin	NA	NA	NA	NA	$ -	$ -
Peak Day Margin	NA	NA	NA	NA	$ -	$ -
Other Margin						
Total All Margin Rates	NA	NA	NA	NA	$ (0.0262)	$ (0.0235)
Peak Demand	NA	NA	NA	NA	$ -	$ -
Annual Demand	NA	NA	NA	NA	$ -	$ -
Balancing						
Commodity	NA	NA	NA	NA	$ -	$ -
Total Natural Gas Rate Per Therm	NA	NA	NA	NA	$ -	$ -
Total Rate	NA	NA	NA	NA	$ (0.0262)	$ (0.0235)
EDIT Credit	NA	NA	NA	NA	$ (0.0002)	$ (0.0002)
Act 141 Surcharge Rate	NA	NA	NA	NA	$ -	$ -

NA = Not Available

Reflects natural gas rate per therm at proposed natural gas cost rates.

Residential Monthly Bill Impact Analysis

Gas Costs	Summer	Winter
Firm Service	$ 0.3875	$ 0.4835

Monthly Use Therms	Present Customer Charge	Current Admin. & Distribution Charges	Total Monthly Cost	Gas Costs	Total Costs	Authorized Customer Charge	Authorized Admin. & Distribution Charges	Authorized Total Monthly Cost	Gas Costs	Authorized Total Costs	Monthly Bill Increase (Decrease)	Monthly Percent Increase (Decrease)
Rg-3: Residential Firm Service Sales During Summer Months												
5	$ 17.00	$ 0.33	$ 17.33	$ 1.94	$ 19.27	$ 17.00	$ 0.58	$ 17.58	$ 1.94	$ 19.51	$ 0.25	1.28%
15	$ 17.00	$ 0.99	$ 17.99	$ 5.81	$ 23.80	$ 17.00	$ 1.73	$ 18.73	$ 5.81	$ 24.54	$ 0.74	3.11%
21 avg.	$ 17.00	$ 1.38	$ 18.38	$ 8.14	$ 26.52	$ 17.00	$ 2.42	$ 19.42	$ 8.14	$ 27.55	$ 1.04	3.91%
35	$ 17.00	$ 2.30	$ 19.30	$ 13.56	$ 32.86	$ 17.00	$ 4.03	$ 21.03	$ 13.56	$ 34.59	$ 1.73	5.26%
50	$ 17.00	$ 3.29	$ 20.28	$ 19.38	$ 39.66	$ 17.00	$ 5.76	$ 22.75	$ 19.38	$ 42.13	$ 2.47	6.23%
75	$ 17.00	$ 4.93	$ 21.93	$ 29.06	$ 50.99	$ 17.00	$ 8.63	$ 25.63	$ 29.06	$ 54.69	$ 3.71	7.27%
100	$ 17.00	$ 6.57	$ 23.57	$ 38.75	$ 62.32	$ 17.00	$ 11.51	$ 28.51	$ 38.75	$ 67.26	$ 4.94	7.93%
105	$ 17.00	$ 6.90	$ 23.90	$ 40.69	$ 64.59	$ 17.00	$ 12.09	$ 29.09	$ 40.69	$ 69.77	$ 5.19	8.03%
150	$ 17.00	$ 9.86	$ 26.85	$ 58.13	$ 84.98	$ 17.00	$ 17.27	$ 34.26	$ 58.13	$ 92.39	$ 7.41	8.72%
200	$ 17.00	$ 13.14	$ 30.14	$ 77.50	$ 107.64	$ 17.00	$ 23.02	$ 40.02	$ 77.50	$ 117.52	$ 9.88	9.18%
300	$ 17.00	$ 19.71	$ 36.71	$ 116.25	$ 152.96	$ 17.00	$ 34.53	$ 51.53	$ 116.25	$ 167.78	$ 14.82	9.69%
Rg-3: Residential Firm Service Sales During Winter Months												
5	$ 17.00	$ 0.33	$ 17.33	$ 2.42	$ 19.75	$ 17.00	$ 0.58	$ 17.58	$ 2.42	$ 19.99	$ 0.25	1.25%
15	$ 17.00	$ 0.99	$ 17.99	$ 7.25	$ 25.24	$ 17.00	$ 1.73	$ 18.73	$ 7.25	$ 25.98	$ 0.74	2.94%
21	$ 17.00	$ 1.38	$ 18.38	$ 10.15	$ 28.53	$ 17.00	$ 2.42	$ 19.42	$ 10.15	$ 29.57	$ 1.04	3.64%
35	$ 17.00	$ 2.30	$ 19.30	$ 16.92	$ 36.22	$ 17.00	$ 4.03	$ 21.03	$ 16.92	$ 37.95	$ 1.73	4.77%
50	$ 17.00	$ 3.29	$ 20.28	$ 24.18	$ 44.46	$ 17.00	$ 5.76	$ 22.75	$ 24.18	$ 46.93	$ 2.47	5.56%
75	$ 17.00	$ 4.93	$ 21.93	$ 36.26	$ 58.19	$ 17.00	$ 8.63	$ 25.63	$ 36.26	$ 61.89	$ 3.71	6.37%
100	$ 17.00	$ 6.57	$ 23.57	$ 48.35	$ 71.92	$ 17.00	$ 11.51	$ 28.51	$ 48.35	$ 76.86	$ 4.94	6.87%
105 avg.	$ 17.00	$ 6.90	$ 23.90	$ 50.77	$ 74.67	$ 17.00	$ 12.09	$ 29.09	$ 50.77	$ 79.85	$ 5.19	6.95%
150	$ 17.00	$ 9.86	$ 26.85	$ 72.53	$ 99.38	$ 17.00	$ 17.27	$ 34.26	$ 72.53	$ 106.79	$ 7.41	7.46%
200	$ 17.00	$ 13.14	$ 30.14	$ 96.70	$ 126.84	$ 17.00	$ 23.02	$ 40.02	$ 96.70	$ 136.72	$ 9.88	7.79%
300	$ 17.00	$ 19.71	$ 36.71	$ 145.05	$ 181.76	$ 17.00	$ 34.53	$ 51.53	$ 145.05	$ 196.58	$ 14.82	8.15%
Average Annual Residential Billing												
756	$ 204.00	$ 49.67	$ 253.67	$ 329.24	$ 582.91	$ 204.00	$ 87.02	$ 291.01	$ 329.24	$ 620.25	$ 37.35	6.41%

SETTLEMENT AGREEMENT

This Settlement Agreement ("Settlement Agreement") is entered into this 22nd day of August, 2019 by and between Wisconsin Public Service Corporation ("WPSC" or the "Company"), a Wisconsin corporation, Citizens Utility Board ("CUB"), and Wisconsin Industrial Energy Group ("WIEG") (collectively, the "Settling Parties" and individually a "Settling Party").

RECITALS

A. WPSC is an investor-owned electric and natural gas public utility as defined in Wis. Stat. § 196.01(5)(a), providing electric and natural gas service in Wisconsin;

B. WPSC initiated Docket No. 6690-UR-126 with the Public Service Commission of Wisconsin ("Commission"), seeking authority to adjust retail electric and natural gas rates for test years 2020 and 2021 (the "Proceeding");

C. The Settling Parties are full parties in the Proceeding pursuant to Wis. Admin. Code ch. PSC 2.21;

D. The Settling Parties acknowledge that fully litigating the Proceeding would require a substantial investment of time, effort, and expense by each Settling Party in pursuit of its respective interests in the Proceeding;

E. The Settling Parties agree that they may avoid the time, effort, expense and uncertainty associated with a fully contested Proceeding by entering into this Settlement Agreement pursuant to Wis. Stat. § 196.026;

F. The Settling Parties agree that WPSC's proposed revenue requirement contained in the Company's filings in the Proceeding as adjusted by the audit completed by Commission Staff on or about July 15, 2019, generally form a reasonable basis for settlement, ***with the exception of*** certain agreed adjustments including, but not limited to, capital structure and return on and of certain capital investments all as set forth in Exhibit A to this Settlement Agreement;

G. While this Settlement Agreement does not represent a comprehensive settlement of rate design issues, the Settling Parties also agree to certain changes to WPSC's proposed rate design and to working collaboratively on certain rate design issues, as set forth in Exhibit A;

H. This Settlement Agreement has resulted from arms' length negotiations between and among the Settling Parties and represents a complex, interdependent set of compromises among divergent and substantial utility, customer and stakeholder interests;

I. Each Settling Party has been advised by counsel and is satisfied that the terms and conditions of this Settlement Agreement, taken together, are fair, adequate, and reasonable, and agree that the material modification of terms may change a Settling Party's satisfaction with the settlement;

[remainder of this page left intentionally blank]

NOW THEREFORE, in consideration of the promises and the mutual agreements contained in this Settlement Agreement, and other good and valuable consideration, the sufficiency of which the Settling Parties acknowledge, the Settling Parties agree as follows:

1. Settlement Terms: The settlement terms contained in Exhibit A (the "Settlement Terms") comprise the Settling Parties' substantive agreement as to WPSC's base revenue requirements for 2020 and 2021, and all of the financial parameters and other assumptions underlying those base revenue requirements, including the treatment of tax savings associated with the 2017 Tax Cuts and Jobs Act (P.L. 115-97) in the 2020 and 2021 test years. The Settlement Terms also comprise the Settling Parties' partial agreement as to rate design for WPSC in 2020 and 2021. The Settlement Terms represent the Settling Parties' negotiated settlement of the issues described therein, and are incorporated into, and are part of, this Settlement Agreement.

2. Cooperation of the Settling Parties: WPSC will present this Settlement Agreement and its attachments and other supporting materials to the Commission and seek an order from the Commission pursuant to Wis. Stat. § 196.026 approving this Settlement Agreement and implementing the Settlement Terms without modification. The Settling Parties will support the Application in their own interest and as reasonably requested by other Settling Parties, including by filing supportive testimony, briefing, correspondence for, or otherwise advocating in favor of, the Settlement Terms and the terms of this Settlement Agreement in the Proceeding, including as requested in any evidentiary hearing or post-evidentiary submissions. No Settling Party will oppose, directly or indirectly, any aspect of this Settlement Agreement in any venue. If in its open meeting deliberations the Commission decides to adopt part but not all of this Settlement Agreement, or to impose one or more conditions on its approval of the Settlement Agreement, each Settling Party will, within five business days of the relevant Commission open meeting, notify all of the other Settling Parties whether it is willing to accept the Commission's decision. If one or more Settling Parties indicate that they are not willing to accept the Commission's decision and, as a consequence, wish to withdraw from this Settlement Agreement, all of the Settling Parties will jointly or individually file a request for Commission rehearing or, alternatively should all the Settling Parties agree, for a contested case evidentiary hearing. In either case, the Settling Parties shall zealously advocate for the Commission's adoption of those portions of the Settlement Agreement that the Commission rejected and for the elimination of any conditions that the Commission imposed. Only upon the failure of these remedies to result in the Commission approving the Settlement Agreement as initially presented may a Settling Party who provided notice that it wished to withdraw from the Settlement Agreement so withdraw. Subject to the requirement that the Settling Parties support the Settlement Agreement as specified in this Paragraph 2, each Settling Party shall determine in its sole discretion the language contained in its submissions to the Commission or any other venue.

3. No Precedential Effect of Settlement Terms: The Parties agree that this Settlement Agreement is entered into solely for purposes of avoiding litigation on the issues identified in the Settlement Terms. The Settling Parties therefore agree that the substantive details of this Settlement Agreement or the Settlement Terms will: (i) have no

precedential effect on any Settling Parties in later Commission proceedings, or (ii) bind the Commission's future decisions in any way except insofar as necessary to implement, effectuate or enforce this Settlement Agreement.

4. Entire Agreement: This Settlement Agreement contains the entire agreement between the Settling Parties with respect to the subjects addressed herein and on a going forward basis supersedes all prior agreements and understandings, express or implied. In entering into this Settlement Agreement, no Settling Party is relying on any representation or consideration not expressed herein. Any modification of this Settlement Agreement may be made only by an instrument in writing signed by or on behalf of all the Settling Parties hereto.

5. Signature by Counterparts: The Settling Parties agree that this Settlement Agreement may be executed in counterparts and a signature by copy, facsimile, or PDF is as binding as an original signature.

6. Authority: The Settling Parties represent and warrant that the individuals signing below for each party have full power and authority to execute this Settlement Agreement.

7. Preamble: The Preamble and Recitals hereto are intended to be an integral part of this Settlement Agreement. The Preamble and Recitals hereto (including the definitions set forth therein) are hereby incorporated by reference.

[remainder of this page left intentionally blank; signature pages follow]

Appendix D

WISCONSIN PUBLIC SERVICE CORPORATION

By: Robert M. Garvin
Name: ROBERT M. GARVIN
Title: EVP – External Affairs – WEC Energy Group

WISCONSIN INDUSTRIAL ENERGY GROUP

By: [signature]
Name: Todd Stuart
Title: executive director

CITIZENS UTILITY BOARD

By: Thomas Content
Name: Thomas Content
Title: Executive Director

Exhibit A

Settlement Terms – Docket 6690-UR-126

Staff Audit

- Except as otherwise noted below, accept the results of the Staff audit, subject to further discussion of recovery of and on ReACT cost overruns.

ROE & Capital Structure (WPSC)

- ROE: 10.0%
- Equity: 52.5%

Revenue Sharing

- Utilities to have the following earnings sharing mechanism:
  - Company to retain all earnings for the first 25 basis points above the settled ROE.
  - Company to return to customers an amount equal to 50 percent of earnings for the next 50 basis points.
  - Company to return an amount equal to 100 percent of earnings in excess of basis points specified in preceding bullet.

Future Rate Design Discussions

- During 2020, WPSC shall work with WIEG and CUB on new rates or other innovative utility programs targeted at industrial, residential and small commercial customers respectively.

Real Time Pricing Rates

- WPSC, CUB and WIEG will support maintaining through 2021 the status quo on WPSC's market-based tariffs.

Low Income Assistance Analysis/Program Language.

- Prior to its next rate application filing, WPSC shall provide to CUB the results of a detailed household burden index analysis. This analysis shall evaluate residential electric and natural gas utility customer bills as a percentage of household income. This analysis shall be conducted with a county-by-county level of resolution, or better.

Real Time Pricing and other Tariff Clean up

- Agree to the following WPSC rate design modification and/or contract adjustments proposed by WIEG:
  - The CBL energy and/or billing demands may be permanently decreased when the customer reduces its load through the implementation of energy efficiency, conservation, or process improvement measures, or via the installation of new equipment.

WPSC Interruptible Credit

- Agree to increase WPSC interruptible credit to the level of WEPCO's interruptible capacity credit, reflected in WEPCO's Schedule Cp FN.

WPSC Fixed Charge Change

- WPSC shall maintain residential and small commercial electric and natural gas customer fixed charges at currently authorized rates for 2020 and 2021.

Generation Planning

- Prior to retiring any units in the future, the justification to retire on an economic basis shall include a cost benefit analysis that incorporates the impact of replacement power costs. This analysis shall be vetted with WIEG, CUB and Staff on a confidential basis.
- Not less than 30 days after WPSC files a proposal to retire an electric generating plant with a regional transmission organization, WPSC shall provide that proposal in its entirety to the Commission.
- WPSC shall share and brief the results of the MISO Y2 analysis with WIEG and CUB. This briefing by WPSC to CUB and WIEG shall be made by senior management of the Company, and shall be provided as soon as reasonably practicable after WPSC receives the results of its requested Attachment Y2 analysis from MISO and a decision to retire a plant has been made.
- WPSC, WIEG and CUB are not opposed to considering future innovative financial tools and treatments including securitization, if such new mechanisms or policies are introduced and available to the Company in the future.

Fuel Case – Final Fuel Runs to be Performed

- The Agreement reflects a preliminary fuel cost estimate for the 2020 Fuel Cost Plan (2020 FCP) under Wis. Admin. Code ch. PSC 116. WIEG and CUB do not oppose the fuel costs as currently proposed in WPSC's Direct testimony, but reserve the right to provide testimony under review of WPSC's 2020 Fuel Cost Plan consistent with the requirements of Wis. Admin. Code s. PSC 116.03. WPSC, WIEG, and CUB agree that for WPSC 2020 fuel plan, the allowed fuel plan is subject to the final fuel cost runs updated by Staff.

ReACT Cost Overruns

- The issue of ReACT cost overruns is unresolved. WPSC, WIEG and CUB agree to pursue further discussions in good faith to attempt to resolve the ReACT cost overruns issue. Any agreement on such overruns shall be memorialized in an amendment to this Exhibit A. ***However***, failure to reach an agreement on the issue of ReACT cost overruns shall not void the remainder of this Settlement Agreement.

Wisconsin Public Service Corporation
Docket 6690-UR-126 2020 Test Year

Monitored Fuel Cost Ranges for the 2020 Fuel Cost Plan

Month	Fuel Cost	MWh	Fuel Cost $/MWh	Cumulative Fuel Cost $/MWh
January	$ 26,815,921	1,091,862	$ 24.56	$ 24.56
February	$ 24,615,808	1,011,198	$ 24.34	$ 24.46
March	$ 24,914,646	1,039,858	$ 23.96	$ 24.29
April	$ 21,069,454	967,651	$ 21.77	$ 23.70
May	$ 22,613,201	1,008,661	$ 22.42	$ 23.45
June	$ 24,499,615	1,082,194	$ 22.64	$ 23.31
July	$ 27,523,183	1,173,951	$ 23.44	$ 23.33
August	$ 26,914,095	1,158,394	$ 23.23	$ 23.32
September	$ 23,472,215	1,054,728	$ 22.25	$ 23.20
October	$ 21,982,498	1,003,468	$ 21.91	$ 23.08
November	$ 22,082,007	990,521	$ 22.29	$ 23.01
December	$ 24,931,108	1,058,786	$ 23.55	$ 23.05
Totals	$ 291,433,751	12,641,271	$ 23.05	

Appendix F

Wisconsin Public Service Corporation
Deferral Amortization Schedule
For 2020 and 2021
Dollars in 000's

Description	Utility	Inc Stmt Account	Bal Sheet Account	Originating Docket	Approx. Remaining Life	2020 Amortization	2021 Amortization
Columbia asset transfer						**195**	**195**
Other Reg Liab-Columbia Asset Transfer	Electric	421	254	5-BS-214	2	457	457
Reg Asset - Columbia Loss on Sale of Assets	Electric	421	182	5-BS-214	2	(261)	(261)
Crane Creek depreciation deferral						**6**	**6**
Other Reg Liab-Crane Creek-Depr Deferral FERC	Electric	407	254	FERC	FERC	6	6
Other Reg Liab-Crane Creek-Depr Deferral WI	Electric	407	254	6690-UR-121	Resolved	-	-
Crane Creek production tax credits						**(19)**	**(19)**
Crane Creek-Def Prod Tax Credits FERC	Electric	410	182	FERC	FERC	(19)	(19)
Crane Creek-Def Prod Tax Credits WI	Electric	410	182	6690-UR-121	Resolved	-	-
De Pere Energy Center						**(65)**	**(65)**
Reg Asset-DePere Energy-FERC	Electric	407	182	FERC	FERC	(65)	(65)
Reg Asset-DePere Energy-WI	Electric	407	182	6690-EB-104	Resolved	-	-
Earnings sharing	Electric	421	254	6690-UR-125	Various	**10,722**	**10,722**
Electric transmission costs						**(145,380)**	**(145,380)**
Transmission Cost Escrow	Electric	Various	182	6690-UR-123	Various	-	-
Other Reg Liab-Transmission Cost Escrow	Electric		254	6690-UR-123	Various	(145,380)	(145,380)
Energy costs recoverable through rate adjustments	Electric	449	182	1-AC-224	Resolved	**-**	**-**
Energy costs refundable through rate adjustments						**-**	**-**
Other Reg Liab-Refund WI Retail Fuel		449	254	1-AC-224	Resolved	-	-
Energy efficiency programs						**(11,869)**	**(11,869)**
Reg Liab - Community Pilot Program-Electric	Electric	908	254	6690-UR-119	Resolved	-	-
Other Reg Liab-Cons Escrow-Amort Elec	Electric	908	254	5-BU-100/102	Various	14	14
Other Farm Re-Wiring Escrow	Electric	908	254	5-BU-102 / 6690-UR-121	Various	(976)	(976)
Other CSC Escrow Act 141/SEERA Elec	Electric	908	254	2005 Act 141	Various	(5,496)	(5,496)
Other Reg Liab-Cons Escrow-Dir Costs	Electric	908	254	5-BU-100/102	Various	-	-
Other Reg Liab-Cons Escrow-Dir Costs	Gas	908	254	5-BU-100/102	Various	-	-
Other Reg Liab-Cons Escrow-Amort Gas	Gas	908	254	5-BU-100/102	Various	(1,839)	(1,839)
Other CSC Escrow Act 141/SEERA Gas	Gas	908	254	2005 Act 141	Various	(3,572)	(3,572)
Environmental remediation costs (net of insurance recoveries)	Gas	735		6690-UR-110	Various	**(4,243)**	**(4,243)**
Forward Wind Deferral						**(9,876)**	**(9,876)**
Other Reg Assets-Forward Deferral	Electric	421	182	5-BS-226	2	(9,876)	(9,876)
Fox 3 generation unit						**(2,473)**	**(2,473)**
CC1 Pre-Certification Costs	Electric	407	182	6690-UR-121	2	(2,473)	(2,473)
Income tax related						**22,708**	**50,222**
Other Reg Assets-Elec Def Tax-2010 Health Care Leg	Common	409	182	6690-UR-121	Variable *	-	-
Other Reg Assets – Def Int Contngt Tax	Common		182	Precedent	Various	(2,696)	(2,696)
Other Reg Liab-DMD & R&E Tax Credits	Electric	407	254	6690-GF-115	Various	914	914
WPS - TR - Remeasure - Electric (P)	Electric		254	5-AF-101	Variable *	5,932	5,532
WPS - TR - Remeasure - Electric (U)	Electric		254	5-AF-101	2	15,121	40,034
WPS - TR - Remeasure - Electric (U) Pulliam, Edge, Lincoln	Electric			5-AF-101	Resolved	(3,000)	-
WPS - TR - Remeasure - Gas (P)	Gas		254	5-AF-101	Variable *	1,166	1,166
WPS - TR - Remeasure - Gas (U)	Gas		254	5-AF-101	4	5,271	5,271
Merger and acquisition-related pension and other postretirement benefit costs						**(12,367)**	**(12,367)**
Reg Asset- Purch Acctg - WEC Merger	Common	926	182	6690-GF-136	5	(12,367)	(12,367)
Other						**(10,475)**	**(10,475)**
Columbia SCR Env Def Pre-Cert	Electric	407	182	6690-GF-118	2	(39)	(39)

Appendix F

Wisconsin Public Service Corporation
Deferral Amortization Schedule
For 2020 and 2021
Dollars in 000's

Description	Utility	Inc Stmt Account	Bal Sheet Account	Originating Docket	Approx. Remaining Life	2020 Amortization	2021 Amortization
DSI Pre-Const-Edgewater	Electric	407	182	6690-GF-118	2	(9)	(9)
Fox 3 CWIP	Electric	407	182	9400-YO-100	2	(448)	(448)
Other Reg Assets-MISO Sch 43 Costs	Electric		182	4220-UR-118	2	(170)	(170)
Bluewater Charges	Gas	824	182	5-DR-112	Various	(9,809)	(9,809)
Other - portion of common acct 182610						**(549)**	**-**
Reg Asset-FEC CSAMA	Electric	549	182	6690-EB-105	1	(549)	-
Pension settlement accounting				5-UI-104		**(525)**	**(525)**
Plant retirements (Pulliam 5&6, Weston 1, and PWPP)						**(8,830)**	**(8,830)**
P5/6 W1 Plant Abandonment Inventory	Electric	407	182	6690-UR-123	2	(553)	(553)
Reg Asset - Plant Abandonment FERC	Electric	407	182	FERC	3	(29)	(29)
Reg Asset - Plant Abandonment WI	Electric	407	182	6690-UR-123	3	(1,541)	(1,541)
WPS Unrecovered Plant Balance Edgewater F	Electric	407	182	FERC	FERC	(19)	(19)
WPS Unrecovered Plant Balance Edgewater W	Electric	407	182	6690-UR-126	7	(1,069)	(1,069)
WPS Unrecovered Plant Balance Lincoln Wind F	Electric	407	182	FERC	FERC	(7)	(7)
WPS Unrecovered Plant Balance Lincoln Wind W	Electric	407	182	6690-UR-126	13	(414)	(414)
WPS Unrecovered Plant Balance Pulliam F	Electric	407	182	FERC	FERC	(89)	(89)
WPS Unrecovered Plant Balance Pulliam W	Electric	407	182	6690-UR-126	12	(5,109)	(5,109)
Reg Asset Write Offs/Carry and Avoided Amort						**4,237**	**4,237**
Oth Reg Liab-Deferral Carry on Avoided Amort	Electric	421	254	5-AF-101	2	1,624	1,624
Oth Reg Liab-Avoided Carry on Reg Asset Write Offs	Electric	421	254	5-AF-101	2	782	782
Other Reg Liab-MBR Rev on Accel Amort	Electric	456	254	5-AF-101	2	1,831	1,831
RTMP deferral						**(4,397)**	**(4,397)**
RTMP Deferral	Electric	456	182	6690-UR-124	4	(4,397)	(4,397)
Tax savings / remeasure						**2,120**	**2,120**
Other Reg Liab-Tax Reform Savings - Elec WI	Electric	456	254	5-AF-101	2	674	674
Oth Reg Liab-Tax Reform Svg - Elec WI Bill Credit	Gas	495	254	5-AF-101	Resolved	-	-
Other Reg Liab-Tax Reform Remeasure - Elec WI	Electric	456	254	5-AF-101	2	(0)	(0)
Other Reg Liab-Tax Reform Savings - Gas WI	Gas	495	254	5-AF-101	2	281	281
Other Reg Liab-Tax Reform Remeasure - Gas WI	Gas	495	254	5-AF-101	2	1,165	1,165
Termination of a tolling agreement with Fox Energy Company LLC						**(5,436)**	**(3,981)**
Reg Asset-FEC 2013 DefRev WI	Electric	407	182	6690-EB-105	2	0	0
Reg Asset - FEC FERC	Electric	407	182	FERC	3	(95)	(95)
Reg Asset-FEC WI	Electric	407	182	6690-EB-105	2	(5,341)	(3,886)
W3 ReAct						**(4,504)**	**(4,504)**
W3 ReAct Deferral - WI	Electric	421	182	6690-UR-124	8	(4,504)	(4,504)
Guardian Lateral Electric						**(654)**	**(654)**
Electric Fox Energy Center Gas Lateral	Electric	407	182	6690-CG-172	28	(654)	(654)
Total						(181,673)	(152,156)

* uses Average Rate Assumption Method (ARAM)